

MINUTES
Tahoe Beach & Ski Club Owners Association
Quarterly Board of Directors Meeting
June 7, 2014

I. CALL TO ORDER/ ROLL CALL

The meeting was called to order by Al Fong at 9:04 AM. The following persons participated in the meeting:

Board Members

Al Fong, President
Sedric Ketchum, Vice President
Shannon Krutz, Secretary
Jacob Bercu, Treasurer
Steve Williams, Director

VRI Management

Tom O'Brien, Sr. VP of Resort Operations – Western Region
Tamara Hollingsworth, General Manager
Pattie Pearson, Operations Manager

Advisor

Hal Stephens

Owners & Guests

Frank Goeckel, SVP Resort Services Diamond Resorts
Mr. & Mrs. Stan Levy
John White (by speakerphones)
Robert Woon (by speakerphone)
Mary Ann Gutierrez (by speakerphone)
Richard Haggerty (by speakerphone)
Jackie Mars (by speakerphone)
Steve Ballweber (by speakerphone)
Mr. & Mrs. Larry Petite

II. APPROVAL OF AGENDA

By unanimous consent, the agenda was approved as modified.

III. OWNERS FORUM/CORRESPONDENCE

A. John White wanted to see shorter terms for the management agreement, which the Board said they would take under advisement and was concerned about the Wi-Fi service interruptions which Tamara Hollingsworth responded to that there were two modems that needed to be replaced that should arrive on property within the next 24 hours. Mr. Larry Petite thanked the Board for all of their work. Jan Levy said she needed a soap dish in her room.

IV. APPROVAL OF MINUTES

MOTION: Jacob Bercu moved to approve the April 5, 2014 Regular Session meeting minutes as amended. The motion was seconded by Sedric Ketchum and passed unanimously.

V. REPORTS

A. Operations Report

Tamara Hollingsworth's report covered various topics including the spring owner mailing of the summer newsletter, call for nomination forms, audited 2013 financials, and owner benefits insert. In addition, the review of the annual AAA inspection, TRPA RPU update, spring customer service staff training, project boards, and status on reserve/replacement projects as well as resort occupancy, RCI and II comment card scores, and resort reviews were discussed.

i. Security Study

MOTION: Jacob Bercu moved to approve a security company proposal in the unbudgeted amount of \$2,500, to study the security needs of the resort. The motion was seconded by Sedric and passed unanimously.

B. Delinquency

VRI reported that as of May 12, 2014 there were 1,113 delinquent intervals representing 15.6% of the owner base. The delinquency rate for the same period last year was approximately 13.5%. The Association owns 306 intervals. The total number of non-maintenance fee performing intervals is 1,419 or 19.9% of the owner base.

C. Financials

The Board members individually acknowledged receipt and review of the financial statements from March through April 2014.

D. 2014 Reserve Reimbursement

MOTION: Steve Williams moved to approve the transfer of \$711,777.80 which included a previously-approved transfer that was not signed in the amount of \$157,056 and reserve expenses from March and April 2014 in the amount of \$554,721.80. The motion was seconded by Jacob Bercu and passed unanimously.

The board reviewed and discussed reserve study reports, specifically the 30-year cash flow projections. Based on the approved renovation schedule to date, the study showed a need for an increase in the reserve contribution of 20% in 2015 to facilitate the 2015 and future renovation schedule. All renovations schedules and reserve contribution will be subject to Board modification each year.

E. Contract Schedule

There were no contracts to renew at this meeting.

VI. UNFINISHED BUSINESS

- A. Electronic Roster was received February 1, 2014.
The Board acknowledged that the Roster was received.
- B. HOA Interval Sales Update
The Board reviewed a report containing updated sales information. The Board requested that any new sales since the last Board meeting be highlighted.
- C. Update on Renovation Project
Management advised the board that 21 units in Baldwin kitchen and bathroom renovation is complete. The interior furnishings for these units will be completed in the fall.
- D. Inventory Reconciliation Update
The Board reviewed a report on what is needed to reconcile the oversold/unsold inventory. The Board requested management prepares a report with specific requests for the number of accounts by annual usage that should be created and deleted.
- E. Aggregate Tax Bill Update
Management reported on communications with Cherri Raffety, El Dorado County Treasurer & Tax Collector and Karl Weiland El Dorado County Assessor. The specific question has not been addressed concerning the interpretation of Revenue and Taxation code 2188.9, subsection (k) and whether or not that strictly applies to timeshare associations that are in “project” phase or out of “project” phase. Mr. Weiland was the last to respond to my last inquiry regarding the interpretation of R & T code 2188.9. If management does not receive a timely reply from Mr. Weiland, a letter will be sent to the El Dorado County Supervisors asking for a resolution on the question of the applicability of R&T code 2188.9 to the Association’s request for information.
- F. Ratify Reservation blocks for VI, DRI and RCI Points owners for 2016 & 2017
By unanimous consent, the Board ratified the allocations for the clubs as modified by management.
- Frank Goeckel of Diamond Resorts expressed his concern that the allocation of units in the summer of 2015 for Diamond reservations was off by 86 reservations compared to normal. By unanimous consent, the Board instructed management to attempt to resolve the over/under seasonal allocation for the summer of 2015 and review the progress in six months for both of the vacation clubs.
- G. Discuss additional sources of Revenue
The Board asked management to provide some historical data on the cost of hosting weddings and the revenue it generated.

VII. NEW BUSINESS

- A. TBSC Owners that exchanged back into Tahoe Beach and Ski Club
The Board reviewed a report that gave the number of TBSC RCI Points owners that exchanged back into the resort. For 2013 that number was 90 and to date the number is 19. The Board took no action on this information.

B. TBSC Owners that have paid their dues but have not made a reservation

The Board reviewed a report that contained the number of owners that paid their dues but did not make a reservation. For 2011 it was 1,485 for 2012 it was 1,491 and for 2013 it was 1,395. The Board asked management to send a letter to those owners that have not booked a reservation for at least the last three years encouraging them to book their use or contact staff if they are having problems making reservations.

C. Renovation/Maintenance Units Off Line

The Board reviewed the following report of historical and projected occupancy for 2014.

i. The 2014 Renovation has and will account for:

January – May 4,941 room nights or approximately 748 weeks

October – November Projected to be approximately 588 room nights or 84 weeks

ii. Administrative Hold booked from April 18, 20-14 until December 31, 2014
2,744 room nights or approximately 392 weeks.

At 12/31/13 there were 820 delinquent owners and 296 Association owned intervals. That represents 1,116 non maintenance fee paying intervals that are typically put up for rent.

iii. From January 1st to May 28th there were 2,275 room nights or approximately 325 weeks that were booked but the owner no-showed.

iv. When the Board decided to change the mix of units to be renovated earlier this year, some of the reservations that were blocked for the original mix of units went unreserved after the room type changed for the renovation.

v. There are a few unreserved units, mainly Studios in the 3rd and 4th quarter and at least 20 rooms each week from December 20th until the end of the year.

If an owner calls for space for later this year and there is none and they don't want a bulk bank week, the owner is referred to Tamara for resolution per Board instruction. As of May 29th Tamara has resolved all of the 5-7 calls she has received. The Board took no action on this matter.

D. Proposed 2015 meeting dates

The agreed to the following meeting dates in 2015. Wednesday January 7th in Sacramento, Saturday March 28th, at TBS, Wednesday June 3rd at TBS, Saturday September 26th Board and Annual meetings at the Lake Tahoe Resort Hotel and Wednesday November 18, telephonic.

E. Interval International Mailing list Request

Tom O'Brien relayed a request from Interval International to have a mailing list so that they could mail the owners with beneficial exchange opportunities. By unanimous consent the Board agreed to allow management to mail this material on behalf of Interval International so that mailing list is kept with the Association and that there will be no cost to the Association for the production and or mailing of this piece.

F. TBSC Transfer Policy

The Board reviewed a policy drafted by the law firm of Fiore & Racobs. After discussion and slight modification the Board heard the following motion:

MOTION: Steve Williams moved to approve the TBSC Transfer Policy as amended today and to authorize management to pay the invoice from Fiore & Racobs for their work on this matter. The motion was seconded by Shannon and passed unanimously.

G. 2015 Budget Committee

Jacob Bercu and Shannon Krutz agreed to be the budget committee for 2015.

H. Voting HOA Owned Intervals

By unanimous consent the Board agreed to the following policy regarding voting Association owned intervals:

The Board of Directors will cast votes attributable to timeshare interests it owns as follows:

- 1) The Board of Directors will cast all of the votes for the Association-owned intervals in favor of establishing a quorum.
- 2) The Board of Directors will split the votes equally among all the candidates for elections.
- 3) The Board of Directors will split the votes in the same percentage as the owners' vote, on any matter that is subject to a vote by members of the Association.

I. Nordis-Direct Proposal voting on-line voting and mailing of Annual Meeting materials

By unanimous consent the Board approved the proposal from Nordis-Direct for the 2014 Annual meeting mailing and on-line voting system and to authorize Tom O'Brien to sign the proposal on behalf of the Association. Further, the Board requested that Nordis-Direct provide a copy of the final voting summary to each Board member directly.

J. Teleconference Recording Equipment

After a brief discussion, the Board agreed not to record the rest of this and any future meetings as the tapes were not utilized.

K. Board Photo in the Lobby

The Board asked management to hang the recent photo of the Board in the lobby in a suitable location.

L. Procedure for obtaining Owner Contact information

Management reviewed how email addresses are collected at check-in. The Board took no action on this matter.

VIII. OTHER BUSINESS

A. Confirm the following 2014 Meeting Dates

Saturday, September 27, 2014	Lake Tahoe Resort Hotel 8:00 AM BOD mtg. Annual mtg. 1:00 PM
Wednesday, November 19, 2014	Telephonic 1:00 PM

B. Annual Meeting

a. Electronic Voting

The Board previously approved utilizing Nordis-Direct for the on-line voting system for the 2014 Annual Meeting/Election

b. Annual Meeting Mailing

This year's Annual Meeting package will include the notice of the meeting, the proxy/ballot, candidate statement and instructions on how to access the on-line voting.

c. Approve Proxy Holder

By unanimous consent the Board approved Shannon Krutz as proxy holder for the 2014 election.

d. RCI and II representation at the Annual Meeting

The Board asked management to invite representatives from Interval International and Resort Condominiums International to this year's Annual meeting.

The Board recessed from Regular Session at 2:17 PM, took a short break and then entered into Executive session.

IX. EXECUTIVE SESSION

The Board entered into Executive Session at 2:30 PM. The Board approved the January 8, 2014 and the February 27, 2014 Executive Session meeting minutes, agreed to develop an upgrade policy, engaged an attorney to review possible new management contract, agreed to send ½ of the uncollectible accounts to Aspen National Collections and the other half to Grant Wolf, asked for additional terms on sales agreement and approved some employee raises. The Board returned to Regular Session at 4:27 PM.

X. ADJOURNMENT

There being no further business, the meeting was adjourned at 4:28 PM.