

**Tahoe Beach and Ski Club Owners' Association
Board of Directors' Regular Session Meeting
Tahoe Beach and Ski Club
Saturday, September 26, 2015
8:00 a.m. PDT**

Draft Meeting Minutes

I. CALL TO ORDER/ROLL CALL

President Al Fong called the regular session meeting to order at 8:01 a.m. PDT.

Board Members present: Al Fong, Sedric Ketchum, Shannon Krutz, Jacob Bercu and Steve Williams.

Management present: Nigel Lobo, Chief Operating Officer; Jay Anderson, Vice President of New Business Development and Tamara Hollingsworth, General Manager.

Owners present: Richard Castello, Pat Hanna, Irish Ketchum, Jackie Mars, Gil Mars, Sabrina von Sydow, Wolfgang von Sydow, Cathy Ryan, Sharlene Pipoly, John Vanni, Kathleen Montgomery, Ken Evans, Jeanene Evans, Mike Stimson, Joe O'Connor, Betty O'Connor, Ray Vasquez, Janie Workman, Lori Rodriguez, John White, Lori White, Maria Marshall, Ron Montez, Dorine Montez, Norman Vadnais, Annette Clewett, Manny Goldberg, Barbara Goldberg, Dory Smith and Diana Hamilton Smith. Owners Jeff Edmond, Robert Woon, Jeff Weir, Mary Ann Guterrez, Glenn Davis and Steve Ballweber participated by telephone.

Diamond Resorts International Owners' Representative, Frank Goeckel, was in attendance.

Alexa Soler recorded the meeting minutes by telephone.

II. APPROVAL OF AGENDA

On motion of Jacob Bercu, seconded by Sedric Ketchum, and with unanimous consent, the Executive Session agenda item under B.Legal, Item 5, Voting Owner Proxies Given to Board, from the Friday, September 25, 2015 Executive Session Board of Directors' Meeting was moved to the beginning of the agenda for the Saturday, September 26, 2015 Board of Directors' Meeting. The rest of the agenda items from the Executive Session Board of Directors' Meeting on September 25, 2015 were moved to the end of the agenda for the Regular Session Board of Directors' Meeting on September 26, 2015.

On motion of Al Fong, seconded by Sedric Ketchum, and with unanimous consent, the Board moved into Executive Session at 8:06 a.m. PDT.

Board Members present: Al Fong, Sedric Ketchum, Shannon Krutz, Jacob Bercu and Steve Williams.

Management present: Nigel Lobo, Chief Operating Officer; Jay Anderson, Vice President of New Business Development and Tamara Hollingsworth, General Manager.

On unanimous consent, the Board adjourned Executive Session at 8:18 a.m. PDT and reconvened in Regular Session at 8:20 a.m. PDT.

Passed in Executive Session, the resolution below is stated and recorded here as part of Regular Session:

On motion of Sedric Ketchum, seconded by Jacob Bercu, the Board directs Sedric Ketchum to vote all of his 39 proxies for Al Fong and Jacob Bercu. The motion passed 3-2 with Shannon Krutz and Steve Williams voting no.

President Al Fong stated for the record “The Board may vote for particular candidates (including themselves if they are candidates). Because the election laws require secret balloting, the Board is not required to discuss and decide in open session how it intends to vote their proxies. The Board can use proxies to vote for the incumbents. If not happy with the current Board, the Owners can assign their proxies to someone else. Historically the Board has endorsed the Board incumbents or, on occasion, advisory committee members.” Further he cited www.davisstirling.com.

III. APPROVAL OF MINUTES OF PREVIOUS MEETING

On motion of Steve Williams, seconded by Sedric Ketchum, the Board unanimously approved the minutes of the June 17, 2015 Board of Directors’ Meeting with the following amendments: under Unfinished Business, Item M. GPR Preferred Owner Contract, the first sentence to read as follows: “A two fold brochure showing the GPR Preferred Owner program was provided at the March Board Meeting.”

On motion of Steve Williams, seconded by Jacob Bercu, the Board unanimously approved the minutes of the July 15, 2015 Board of Directors’ Emergency Meeting.

On motion of Jacob Bercu, seconded by Sedric Ketchum, the Board unanimously approved the minutes of the July 22, 2015 Board of Directors’ Emergency Meeting with the following amendments: TBSC Foreclosures, the third sentence to read as follows: “The Board authorizes Al Fong to obtain a legal opinion from Association Attorney Joan Wright on whether the Association can recover in the foreclosure process the property taxes that the Association paid to the El Dorado County Tax Assessor.”

On motion of Sedric Ketchum, seconded by Steve Williams, the Board unanimously approved the minutes of the September 1, 2015 Board of Directors’ Special Meeting with adjustments to the formatting.

IV. OWNER FORUM/CORRESPONDENCE

An Owner commended the Board for the smooth transitioning that is currently underway with the Management Company.

An Owner asked why there was no call-in number for the Annual Meeting. It was explained that the Annual Meeting would continue on the same call-in line as the Regular Session Meeting.

V. MANAGEMENT REPORT

A. Operations

1. Administration

Completed outreach calls to all Owner Satisfaction Survey respondents. Management prepared scope enhancement lists for Phase 6 unit renovations. Wayne Jackson spent several days in Carlsbad for sales program training. The sales program is ready after Management completes a review of deeds before the program is implemented.

2. Front Desk

Year to date occupancy is at 58.62%. The resort has seen an increase in year over year occupancy for the months of June, July and August. The wrist band policy has been implemented for the summer. Maria and Renan were welcomed to the Front Desk team.

3. Maintenance/Housekeeping

Unanticipated emergency main gas line property repairs project is complete. The project also required replacement of a gas line from the Baldwin building to the pool house. Service recovery was the main focus after the emergency was addressed.

4. Activities

Tie Dye was a bit hit this summer as well as music on the beach with Trey Stone.

5. Landscaping

Honey Bee mitigation at Baldwin buildings is complete. Sprinkler system in courtyard has been updated to repair various leaks. Fall landscaping plans are underway. New building signs and address signs have been installed.

6. Update on "Going Green"

The Board reviewed the multiple "Going Green" initiatives currently being implemented at the resort.

7. Safety

Tahoe Beach and Ski is 247 days accident free as of September 15, 2015. GPR Insurance Representative conducted a resort inspection this quarter. All action items are complete.

B. Guest Satisfaction Scores

Guest Satisfaction Scores as of July 2015 and the second quarter were explained and reviewed. All scores for the second quarter were at or above goals set by the resort.

C. HOA-Owned Inventory and Default Analysis

There are 82 annual and 42 biennial intervals currently available for sale. There are currently 215 annual and 14 biennial intervals on hold in the foreclosure process. There are currently 28 annual and eight (8) biennial intervals that Owners agreed to deed back.

D. Reserves

Management discussed the reserve projects as of September 15, 2015. The Fire Pit Project is waiting for TRPA permitting; the bids and budgets are complete.

On motion of Jacob Bercu, seconded by Sedric Ketchum, and with unanimous consent, the Board ratifies the reserve fund expenditure approved by email dated September 9, 2015 for the amount of \$97,050.

E. Financial Analysis

The Board reviewed the financials as of August 31, 2015 and discussed variance to budget.

F. Delinquency Report

Year-to-date delinquency is at 12.01%; projected year-end delinquency is 10.60%. Bad Debt Recovery is at \$311,586 for operating and \$107,212 for reserves.

VI. UNFINISHED BUSINESS

A. Lakefront/Lakeview Unit Assignments

The Board is asking Owners to provide proof of Ownership of Lakefront and Lakeview Units. This information will need to be provided for Board discussion regarding the reservation system process of assigning these units.

B. HOA Sales Program

This item was previously discussed.

C. Rules and Regulations Update

The Board has undertaken a review of the Rules and Regulations to bring them more current. The Committee has developed a plan to solicit feedback from Owners by commissioning a focus group. The Owner feedback form was reviewed and explained. The proposed changes within the Rules and Regulations are adopted from the Association's CC&Rs and Bylaws.

D. Aggregate Property Taxes

Management is currently working with the county assessor through timing issues associated with this project. The aggregate tax project involves asking the county to provide a single bill to the Association, which will save Owners \$11.94 per document. The Association will then bill the taxes for the county to each Owner separately.

Action Item: Update at January 2016 Board of Directors' Meeting.

E. Owner Roster Update

Management is continuing to work through the Owner Roster Update process. Approximately 20% of the Ownership does not have an email address. Owners are contacted through mail if they do not have an email address. All communications are also posted to the website and at the resort.

VII. NEW BUSINESS

A. Solar Study

The Association spends \$105,000 per year on electricity. The Board has recommended a solar study to research the potential of decreasing the amount spent annually on electricity.

B. Forensic Audit

There was concern over what the Association owns and does not own. The Board is recommending a forensic audit to clarify this issue.

Action Item: Management to research various options to perform a forensic audit.

C. 2015 Tax Preparation & Audit

Schonwit and Associates performed the audit last year and has made a proposal to prepare the audit this year for the same price as last year.

On motion of Jacob Bercu, seconded by Steve Williams, the Board unanimously approves the contract with Schonwit and Associates to perform the 2015 audit.

D. 2016 Operating Budget

The 2016 budget is reflecting a 0% increase in the overall Assessment Fees. Due to a thriving rental program and effective labor and expense control no increase in Maintenance Fees is proposed. To continue towards the goal of the fully funding the reserve account, the distribution of Assessment Income will be modified to decrease funding to Operations by 5.85% with funding to the reserve contribution to increase by 17%.

On motion of Jacob Bercu, seconded by Sedric Ketchum, the Board unanimously approves the 2016 Operating Budget as presented, with a 5.85% decrease to the operating contribution, a 17% increase to the reserve contribution and a 0% increase in the overall Assessment.

Action Item: Management to review incentives for 2015 and the budget for 2016 at the January Board of Directors' Meeting.

E. 2016 Reserves

On motion of Jacob Bercu, seconded by Sedric Ketchum, the Board unanimously approved version one of the Reserves Budget as presented.

On motion of Al Fong, seconded by Steve Williams, and with unanimous consent, the Board recessed the Regular Session meeting for 10 minutes at 10:13 a.m. PDT and reconvened at 10:25 a.m. PDT.

Everyone remained in attendance.

F. Reservation Process

Management confirmed that the Association will be proceeding with the current reservations process. There will be continued review with the Ownership during the focus group.

G. Board Advisor

This agenda item was postponed indefinitely.

H. Safety & Environmental Compliance Committee

On motion of Jacob Bercu, seconded by Steve Williams, and with unanimous consent, the Board approved the forming of a Safety and Environmental Compliance Committee chaired by Sedric Ketchum, with Steve Williams, Tamara Hollingsworth and volunteer Owners.

I. Ratification of 2015 Election Protocols

Election Protocols were provided to the Board of Directors, which were submitted to the court on behalf of the Association.

President Al Fong stated for the record per the Davis-Stirling Act “Inspectors of Election: Independent third parties as provided for in civil code Section 5510 subparagraph C, Inspectors may include the following:

- A volunteer poll worker with the county registrar of voters.
- A licensee of the California Board of Accountancy.
- A notary public.
- A member of the Association who is not a member of the Board of Directors, or a candidate for the Board of Directors, or related to a member of the Board of Directors or a candidate for the Board of Directors.

In further describing professional election, there are companies that provide professional inspector services to Associations. They can be hired to prepare ballots, mail and collect ballots and count votes. Putting an inspector under contract does not violate the independent status of the inspector.

Civil Code 5510 provides that an independent third party may not be a person who is currently employed or under contract to the Association as long as the inspector is not currently employed by the Association for other services, the Board can hire the person to run the election.

Non-Independent Inspectors: A category of inspectors who are not truly independent, but the statute defines them as independent. For purposes of the statute, examples are the Association CPA firm and Management Company.

Prohibited Inspectors: Associations may not appoint or use inspectors who are:

- Members of the Board of Directors.
- A candidate for the Board of Directors.
- Related to a member of the Board of Directors.”

The position of the President is not to endorse an independent election monitor as the election protocol is the responsibility of an election monitor, which is not up to the Board to decide.

On motion of Steve Williams, seconded by Shannon Krutz, the Board moved to approve the 2015 Election Protocols as submitted to the court and as presented by Grand Pacific Resorts. The vote failed 2-3 with Sedric Ketchum, Al Fong and Jacob Bercu opposing.

J. Ratification of CC&R’s and 30 Day Transfer Notice

There was a request from the Board to ratify the 30 day transfer notice within the CC&Rs. The suggestion of Joan Wright, Association Legal Counsel, was to have the Board reaffirm two sections of the CC&Rs requiring any transfer of weeks. A seller or the buyer must notify the Association through the Board 30 days in advance of the transfer. The below resolution will be enforced as of Saturday, September 26, 2015.

On motion of Steve Williams, seconded by Jacob Bercu , and with unanimous consent, the Board directs Management to inform Owners that the Association will enforce the complete CC&Rs including Section 2.7 Transfer of Interest and Section 8.4 Notification of Sale of Vacation Plan.

An Owner expressed concern on Shannon's intentions on the Board of Directors.

Action Item: Shannon's position on the Board of Directors' to be discussed at the next Board meeting in January.

VIII. OTHER BUSINESS

A. Confirmation of Meeting Dates

Saturday, January 9, 2016 at 9:00 a.m. PST, Teleconference

Saturday, April 2, 2016 at 9:00 a.m. PST, Teleconference

Wednesday, June 15, 2016 at 9:00 a.m. PDT, Teleconference

Saturday, September 24, 2016 at 8:00 a.m. PDT, TBD

Saturday, September 24, 2016 at 1:00 p.m. PDT, TBD, Annual Owners' Meeting

Action Item: The Saturday, January 9, 2016 Board of Directors' meeting to be held in Southern California and tentatively scheduled.

Action Item: The Saturday, April 2, 2016 Board of Directors' meeting to be held at Tahoe Beach and Ski.

Action Item: The Wednesday, June 15, 2016 Board of Directors' meeting to be held in Sacramento and be changed to Saturday, June 4, 2016.

Action Item: The September Board meetings to be held at Tahoe Beach and Ski.

Action Item: The Board to have a Friday, September 23, 2016 Executive Session Board of Directors' meeting at 5:00 p.m. at Tahoe Beach and Ski.

IX. ADJOURNMENT

On unanimous consent the meeting recessed at 11:13 a.m. PDT.