

Mountainside Villas Owners Association
Board of Directors Meeting
September 7, 2013

Present at the Commencement of the Meeting: Ken Irish, Andy Blaher (remotely), Frank Spielman, Mary Stracener, Mike Kuzma, William Tanner, Rhonda Griffith, Peter Stark and Jeff Reid

Absent: Wayne Shipman

Committee Members: Wayne Ford and Larry Kent

Representing Management: Jocelyn Carl and Jeremy Grogg

The meeting opened with a motion to approve the minutes from the June 8, 2013 Board meeting. The motion was seconded and approved.

The Board moved into executive session to discuss personnel issues. Back in open session, Ken Irish stated that the board approved a modified merit pay policy as presented to the board.

Executive Committee

No report

Treasurer's Report

Frank Spielman, Treasurer, stated that the investments remain the same with the reserve fund fully invested in the ten-year program. There are some short-term CD's that will be maturing this year. The collections report looks good and shows collections to date at 89.7% which is a slight increase from last year. Mr. Spielman reviewed the collection reports with the board. The statement of operations is well within the budget. Refurbishments are below budget. Deck replacement is over budget, which was planned for this year. The budget committee reviewed the proposed 2014 budget which will be presented during New Business. Mr. Spielman discussed the reserve investment fund and the reserve study with the board. He proposed moving to a new system that Wells Fargo offers, at no cost, that will better manage both the reserve fund and the reserve study. It will analyze and provide reports for both the investments and what is currently in the PRA system. After discussion, a motion was made to accept the proposal as presented to the board. The motion was seconded and approved.

Membership and O & M Committees

Mary Stracener, Membership Chairperson, stated that this year's occupancy is higher than last year. Although RCI granted Mountainside the Gold Crown Rating, MVOA requested RCI to retain the Silver Crown Rating. Albeit we are going through a major renovation, maintaining a Gold Crown rating could be problematic until the renovations are completed. MVOA has three boilers on the property. Two boilers are located in the Welcome Center and one is located in the Service Building. The boilers have reached their 'end of life' and are being replaced. One has already been replaced, one is currently being replaced and the final boiler will be replaced in the near future. The GMC Sonoma used for linen delivery is scheduled for replacement in 2014. Both maintenance and housekeeping departments are fully staffed.

Andy Blaher, O & M Chairperson, stated that the maintenance department has been doing more preventive maintenance in the units than originally planned for the year. Refrigerators are beginning to show their age and are failing. The rate of replacement of refrigerators has been increased to stay ahead of the failures.

Ken Irish stated that the current procedures for unit inspections will remain in place.

Policy Committee

No report

Great Eastern

Jeff Reid, reporting for Great Eastern, stated that the Blue Ridge Buffet that operates out of the Water Park closed its doors this week. Moving forward, the buffet will be open Memorial Day through Labor Day. The new Family Adventure Park building is under construction. The construction of timeshare units at Regal Vistas has winded down and is temporarily halted. All of the international labor for the summer season has ended. Great Eastern is looking at the possibility of discontinuing the use of international labor in the future as it has been more of a challenge than expected. Later this month, Great Eastern will be hosting an adventure race called 'GORUCK' that includes many different obstacles for the participants. Great Eastern will soon have a closed gift card that guests can activate, load and redeem on the property. The card will only be redeemable at the resort.

Nominating Committee

Rhonda Griffith, Nominating Chairperson, stated that the committee reviewed candidate applications submitted by owners. There were sixteen applicants, including the two incumbents, Andy Blaher and Mike Kuzma. The committee selected four additional candidates: Wayne Ford, Vince Kaminiski, Ram Mouli and Edmund Price. Several of the candidates not selected for this slate will be contacted with information about serving on the one of the committees. The three candidates not elected to the board will also be contacted about serving on one of the committees. A motion was made to approve the selection of candidates to be placed on the slate for this year's board election. The motion was seconded and passed. Ms. Griffith will be contacting each of the selected candidates by phone to inform them that they have been selected to run on this year's slate and to encourage them to attend the upcoming Annual Meeting in November. The nominating committee also discussed the possibility of term limits for board members. A decision has not been made at this point. One suggestion was for board members to serve two 3-year terms and then take a year off before reapplying to serve on the board again. The committee will look at this again next year. There was some discussion regarding term limits. There was also discussion regarding the importance of candidates serving on board committees and on the background of the selected candidates.

MPOA Representative

Ken Irish stated that Wayne Shipman is no longer serving as the MPOA representative. Wayne Ford has accepted this interim role.

Management

Jocelyn Carl, referred board members to her written report and stated that the MVOA staff is very proud of the Gold Crown scores. Ms. Carl gave an update on the summer activities and stated that the activities brought in several thousand dollars profit, with Bingo being the favorite activity and bringing in \$6,700. A mural was painted in the guest laundry room by a member of the front desk staff. An update on the yard sale and art sale was also presented to the board. The yard sale from furniture replacement brought in almost \$1000. All unsold furniture was donated. The art sale will continue through the end of the year. All remaining artwork will be donated.

Unit Disposition

Mike Kuzma, Unit Disposition Chairperson, opened and announced the bids for unit/weeks offered to owners in the recent closed bid auction. Deborah Hunt bid \$650 for Unit 080 Week 12. Christopher Bowers bid \$425 Unit 044 Week 35. A motion was made to accept both bids. The motion was seconded and passed. An update on the recent

foreclosure sale was presented to the board. Out of the seventy-five (75) scheduled for foreclosure, two owners signed their deeds back to MVOA in lieu of foreclosure and six owners paid their past due fees in full to stop the foreclosure process. The next foreclosure sale is scheduled for November 6, 2013 and includes fifty-nine (59) unit/weeks. A total of 107 intervals were sold to Great Eastern in recent foreclosure sales.

Jeremy Grogg gave an update on rental revenue which is currently up 31% from last year. Goodmanagement will be offering an option for MVOA owners to pay their maintenance fees online by logging on to the website and accessing their owner account. Once they pay the maintenance fee, they will be able to immediately list their unit/week for rent with Kees Vacation Rentals or deposit the unit/week with Dial-an-Exchange and then confirm an exchange. They will also be able to make address changes.

Old Business

Jocelyn Carl provided some facts about the upcoming Affordable Health Care Act that will impact MVOA and its employees. Management's understanding of the underwriting changes for 2014 include the following: rates will accumulate based on each members age and life style (tobacco use will be factored in). For small businesses offering health coverage, the employer is required to provide notification to all employees by October 1, 2013 and to each employee at the time of hire beginning October 1, 2013, regardless of plan enrollment status or of part-time or full-time status. Employees that do not elect to accept the MVOA health coverage will not be eligible for Federal premium assistance if the MVOA employee cost is less than 9.5% of their annual household income. The penalty for not buying Health Care insurance is \$95 for 2014 and will increase in subsequent years. Currently, MVOA employs nine (9) people who have waived insurance coverage and are uninsured by choice. There was extensive discussion regarding health care changes.

New Business

Frank Spielman presented the proposed 2014 budget to the board. The proposed budget includes a CEC increase of \$10 per unit/week. The most significant budget increases are health insurance, property taxes and Great Eastern activities and recreation fees. After discussion, a motion was made to approve the proposed 2014 budget with the \$10 CEC increase at the board level. The motion was seconded and passed. The proposed budget will be presented to the membership for approval at the Annual Meeting.

No additional business was brought before the Board. The Mountainside Villas Owners Association Board of Directors Meeting adjourned at 11:30 a.m.

Recorded by Jocelyn Carl _____
General Manager

Submitted by Ken Irish _____
Association President

Submitted by Mary Stracener _____
Association Secretary