

**RIVERVIEW RESORT CONDOMINIUM TRUST  
BOARD OF TRUSTEES MEETING MINUTES  
Saturday, May 31, 2008**

**I. CALL TO ORDER/ROLL CALL**

The meeting of the Board of Trustees was called to order by Alex Fogel at 10:08 a.m.  
The following persons were in attendance:

Board of Trustees:

Alex Fogel	Stuart Allen
Ted Schuster	Roy Fraser
Dan Mardirosian	

Absent: Jack Hellmann, Advisory Member

Vacation Resorts International and Resort Staff:

Rich Muller, Sr. Vice President of Resort Operations/VRI  
Michael McManus, Director of Resorts/VRI  
Israel Soares, General Manager

Others:

Dan Gallagher, Advisory Member  
Jeff Ferris, President/Seawinds II  
David Rappaport, Treasurer/Seawinds II

**II. APPROVAL OF AGENDA**

**MOTION:** Ted Schuster moved to approve the agenda as written. Motion was seconded by Dan Mardirosian and approved unanimously.

**III. APPROVAL OF PREVIOUS MEETING MINUTES**

A. Approval of Regular Board Meeting Minutes (01/25/08)

**MOTION:** Ted Schuster moved to approve the January 25, 2008 meeting minutes as written. Motion was seconded by Dan Mardirosian and approved unanimously.

B. Approval of Telephonic Meeting Minutes (03/19/08)

**MOTION:** Stuart Allen moved to approve the March 19, 2008 telephonic meeting minutes as written. Motion was seconded by Ted Schuster and approved unanimously.

#### IV. MANAGEMENT REPORTS

##### A. Resort Update

Israel Soares updated the Board on the following items:

- Resort Improvements
  - Parking lot has been repaved and landscaped.
  - New sign with enhanced lighting has been installed.
- Maintenance:
  - Regular pest control inspections have been completed.
  - Carbon monoxide system has been tested for the upcoming season and passed the Town of Yarmouth requirements.
  - The Town of Yarmouth performed the annual building inspection and found no problems.
- Front Desk:
  - Resort information has been updated with VRI, VI and RCI.
  - Updated check-in packets, key cards and brochures are being distributed.
  - A letter outlining 2008 improvements has been distributed with every reservation made.
  - RCI and VI guests have been moved to avoid disruption from construction.
- Housekeeping:
  - Deep cleaning and regular turnover cleanings have been performed with no decline in comment card scores.

**MOTION:** Ted Schuster moved to have all original records/contracts filed at the VRI, Hyannis Office with backup copies at the resort as per the management agreement requirements (examples: seawall project, patio project and renovation contracts). Motion was seconded by Roy Fraser and approved unanimously.

##### B. Financials

Rich Muller reviewed the financials statements as of month-ending April 30, 2008. Included in the review were the Cash Balances Report, Accounts Receivable Summary, Balance Sheet, Comparative Income Statement and Cash Flow Analysis.

##### C. Status of Colebrook Loan

Michael McManus reported that Riverview Resort refinanced the existing loan from Colebrook Financial Company, LLC. on a revolving basis, the sum of an additional three hundred thousand dollars (\$300,000) at an interest rate of prime +3.5% per annum. Principal is to be repaid through five annual principal payments of \$120,000. A commitment fee of \$4,500 is being charged and the current rate is 10% (the minimum rate based on an interest rate floor of 9%).

The loan is secured by the assignment of all common and special assessments due to the Trust from timeshare interval week owners. The proceeds shall be utilized to cover the cost of the patio renovations that are underway. Alex. Fogel, President of the Board of Trustees, has executed all documents necessary to effect the transaction as previously authorized by the Board Members.

## **V. NEW BUSINESS**

### **A. VRI\*ety Exchange**

Rich Muller reviewed the VRI\*ety program, an internal exchange program, that is being made available to owners at VRI properties. Riverview is now enrolled in the program and by year end all 140 resorts will be added. VRI\*ety provides additional exchange options with greater flexibility. Information will be mailed to Riverview owners in the near future.

### **B. SeaWinds II**

Michael McManus introduced David Rapaport, Treasurer at Seawinds II. Michael stated that he has been working with Treasurer's David and Ted Shuster to establish a new sub-management agreement that better defines the cost to Riverview for providing operational services to Seawinds II.

Ted Schuster reported that the new agreement will be presented at the next Board meeting.

## **VI. OLD BUSINESS**

### **A. Reconciliation of Accounts-Delinquency and Association Inventory**

Rich Muller reviewed a report from Diane Hylas itemizing 34 weeks that are still affected by Developer title issues. Efforts to clear up these discrepancies have been fruitless.

### **B. Deed Issues**

Rich Muller reviewed a report prepared by Diane Hylas which showed 161 weeks that are multiple year delinquents and 48 weeks that are delinquent for the 2008 maintenance fees. An additional 33 accounts are on payment plans for the 2008 fees.

### **C. Sales**

Rich Muller presented and reviewed an updated proposed sales agreement between Riverview and VRI. Rich explained that the previous proposals that were provided to the Board were never finalized. The new form of agreement is more appropriate to new sales opportunities that now exist and specifically a sales approach now being implemented by VDS.

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The program was developed to address the critical problem most Northeast resorts have with an oversupply of non-performing blue intervals. Like Riverview, many of these intervals have bad or no title available to convey, no economic means to recover title and no market for the weeks even if good title existed.

VDS' new sales program is based on selling weeks for use in conjunction with RCI's Points program. Buyers are offered a Points membership and use rights to an interval from a specific resort such as Riverview. Use rights are granted by way of a lease as opposed to a deed. Under a lease week program, the Board charges its leaseholders an annual lease fee as opposed to an annual maintenance fee and the lease fee obligation can be higher or lower than the maintenance fee. It also means that the Board can lease intervals that it does not hold deeds to such as hard core delinquent weeks and intervals with clouded or no title.

The number of Points associated with any interval as determined by RCI is based on the season and unit size and can vary considerably. Buyers therefore strongly consider the economics of the ratio between the number of Points their week is worth and the annual maintenance or lease fee they must pay. Management has determined that the marketplace has currently established a ratio of approximately 1.3 cents per Point.

VRI's sales proposal is to engage VDS to sell leaseholds to non-performing Riverview intervals for buyers to use in the RCI Points program. The annual lease fee will be no less than 1.3cents per point times the Point value assigned to the interval. The lease fee is subject to annual increases that will be the same percentage as any increase in the regular maintenance fee. Leaseholders will be subject to future Special Assessments in any amount as established by the Board. The lease fee as described is only available only purchasers as long as they use it with the RCI Points program. Upon termination of their membership, the lease fee will become the prevailing maintenance fee. Each year, the Board and management will review the status of the program and evaluate the per-point lease fee to determine if it needs to be adjusted.

**MOTION:** Ted Shuster moved to approve the sales agreement as presented by VRI. Secretary Dan Mardirosian is authorized to execute the sales agreement on behalf of the Board. Motion was seconded by Dan Mardirosian and approved with Stuart Allen, Roy Fraser, and Alex Fogel abstaining.

**MOTION:** Dan Mardirosian moved to approve selling available inventory under the terms of the lease program as presented with an annual lease fee of no less than 1.3 cents per point subject to annual increases and special assessments as discussed. Management is directed to obtain a legal opinion on this form of conveyance and any required sales documentation from Attorney Doug Errico and distributed same via email to the Board upon receipt. Motion was seconded by Ted Schuster and approved unanimously.

D. ARDA ROC/Non Judicial Forfeiture

Rich Muller provided an update on ARDA's effort to introduce Non-Judicial Forfeiture legislation.

**MOTION:** Roy Fraser moved to approve contributing \$100 to ARDA's legal fund. Motion was seconded by Ted Schuster and approved unanimously.

E. Patio Repair

Michael McManus reported that the patio work is nearly completed. The railings are onsite and being installed on Monday, June 2<sup>nd</sup>. The patio work will be completed by Architectural Building and Restoration, LLC on Wednesday, June 4, 2008 and the landscaping will be inspected and repaired as needed at AB&R's expense prior to final payment for the patio repair work.

**MOTION:** Roy Fraser moved to issue final payment of \$272,000 to AB&R upon final approval and sign-off by David Moran, PE, of Coastal Engineering Company and Dan Mardirosian. Motion was seconded by Ted Schuster and approved unanimously.

F. Parking lot

Michael McManus reviewed the cost of the parking lot repaving project explaining that it came in under budget by \$4,523.16. The parking lot has been repaved, striped, landscaped and irrigation was installed. A new resort sign and enhanced lighting has also been installed.

The Board directed management to instruct all owners with large vehicles or trailers to park in the overflow parking area adjacent to the property. The front desk was instructed to monitor and enforce the new parking policy with application of fines. Owners who damage the new parking lot are to be charged for repairs.

Owners are to be held financially responsible for any damages, not just the parking lot.

**VII. OTHER**

A. Open Discussion

No discussion.

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B. Next Meeting Date

The next meeting dates will be as follows:

1. Annual Meeting on Saturday, September 13, 2008 at 10:30 a.m. tentatively at the Cape Codder Resort.
2. Regular Board Meeting on Friday, September 19, 2008 at 9:00 a.m. at the VRI Hyannis Office.

**VIII. ADJOURNMENT**

**MOTION:** There being no further business, Alex Fogel moved to adjourn the meeting at 2:20 p.m. Motion was seconded by Dan Mardirosian and approved unanimously.

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Dan Mardirosian, Secretary

MJM/jmf

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