MINUTES FOR THE MEETING OF THE BOARD OF DIRECTORS
OF THE
EAGLE CREST MASTER ASSOCIATION

CALL TO ORDER Pursuant to call by the President of the Association, the third quarter meeting of the Board of Directors was held on September 20, 2013, at 9:00 a.m. at the Administrative Office of Eagle Crest Resort, Redmond, Oregon.

ATTENDANCE Directors present included Mike Bessonette, Pat Duffy, Hank Cavender, Bill Neumann (phone), and Chris Earnest. Staff members present included Curt Heimuller, Karen Smith, Lauri Miller, Debbie Hahn, Bob McDaniel, and Genevieve Herrera. Guest was David Bishop from Edward Jones Investments and Rob Johns and Kasey Gray from Crystal & Company. Several members of the Association were also in attendance. Mike Bessonette, President, presided at the meeting, and Genevieve Herrera recorded the minutes on behalf of the Secretary.

PRIOR MINUTES Following motion duly made, seconded and carried the reading of the prior meeting minutes dated May 3, 2013 and September 12, 2013 was waived and approved as written. Mike announced the agenda for the meeting (see attached) and opened the discussion of business items, noting that a quorum was present.

OLD BUSINESS None pending.

MANAGEMENT AND COMMITTEE REPORTS

OREGON PLANNED COMMUNITIES ACT LAW CHANGE Karen Smith referred directors to her written report dated August 19, 2013 and attached as “Attachment 1”. David Bishop, Edward Jones Investments, next distribution and reviewed the current investment portfolio report (“Attachment 2”). Karen confirmed the GNMA mortgage-backed securities meet the Act’ requirement of “obligations of the U.S. Government” but the second requirement to hold investments in an FDIC insured institution remains an added requirement. She advised work is in progress to locate a bank to hold the investments in a custodial or trust relationship.

Following discussion and upon motion duly made and seconded, the following resolution was unanimously approved:

RESOLVED, that management is authorized to proceed with investing in permitted obligations of the U.S. Government to be held in an FDIC insured institution, provided the net return after bank charges exceed the return available in alternate money market or CD accounts.

FINANCIAL REPORT Lauri presented the financial summary (“Attachment 3”) and the financial statements for period ending June 30, 2013 (“Attachment 4”). Lauri reviewed the material variances as outlined in the financial summary.

Following discussion and upon motion duly made and seconded, the following resolution was unanimously approved:
RESOLVED, that the financial report submitted by Lauri Miller including “Attachment 3” and “Attachment 4” be hereby approved subject to audit.

UTILITY SYSTEMS REPORT
Bob McDaniel, manager of Cline Butte Utilities, water/sewer systems manager for ECMA, presented the written utility system operations report (“Attachment 5”).

Next, Karen Smith summarized the written report specific to Well #3 (new) drilling status as well as an analysis of upcoming water and sewer rate decisions for 2014 (“Attachment 6”). The verbal update on the well drilling status advised the well driller continued drilling as approved by the Board earlier in the month, and got through the black sand to a rock formation layer. The next step will be to test pump to learn if air in the water, which is considered to be the same aquifer as other wells at Eagle Crest.

Karen next summarized the written report on Well #2 and specifically a reserve expense request (“Attachment 7”). Bob McDaniel provided additional description of the Well #2 pumping system and equipment. Directors asked Bob McDaniel to coordinate further with Jim Frost, WH Pacific, on the presented

Following discussion and upon motion duly made and seconded, the following resolution was unanimously approved:

RESOLVED, to approve a reserve expense of $25,000 as presented in “Attachment 7” for the replacement of pump, shaft, bowl assembly and related equipment in Well No.2 with vendor selection of Cascade Pump, and to approve the Well No 2 emergency repair expense of $6,200 also to be paid from the reserve fund.

OPERATIONS REPORT
Debbie Hahn presented the operations report (“Attachment 8”) and the sports center usage statistics (“Attachment 9”). Debbie reviewed a memo regarding the equestrian operations update (“Attachment 10”).

RESERVE EXPENSE REPORT
Karen Smith presented the Evaluation of Reserve Account Expenditures vs. Budget per 2013 Reserve Study (“Attachment 11”). She advised the requested variance approval was already addressed by the Board during the Utility Systems report. No additional action requested.

SEWER SYSTEM MASTER PLAN
Don Wirth provided a written summary on the conclusions of the sewer master plan study committee (“Attachment 12”). Mike expressed appreciation to the committee for their work. No action was taken by directors.

ENVIRONMENTAL CONTROL COMMITTEE
Jim Madison reported there have been two requests to the committee and both were approved. The approvals were for address signs to be added to VROA and RVVE units and a parking sign for WorldMark units on Ridge Hawk Court.

COVENANT COMPLIANCE COMMITTEE
No activity

GOLF STUDY COMMITTEE
Hank Cavender reported the committee has completed the negotiation of a Golf Course lease which will be presented to the Board during executive session.
Mike requested the Board ratify the engagement of Bryant, Lovlien, Jarvis as legal counsel representing the Association on final lease drafting.

Following discussion and upon motion duly made and seconded, the following resolution was unanimously approved:

RESOLVED, that the Board ratify the engagement of Bryant, Lovlien, Jarvis as legal counsel representing the Association on final drafting of the Golf Course lease.

SPORT CENTER JOINT USE AGREEMENT COMMITTEE

SCHEDULED 3RD QUARTER BUSINESS

ANNUAL MEETING
Karen announced a quorum for the Annual Meeting on September 21st has been met by the proxies received to date. The meeting will be held at the administration building at 11:30 AM.

INSURANCE POLICY RENEWAL
Karen Smith reviewed a summary memo with subject of “Property/Liability Package – Insurance Renewal” (“Attachment 13”) noting the renewal date of the policy is October 1st. Karen introduced Rob Johns and Kasey Gray of Crystal & Company, the appointed broker of record for the Association. Rob Johns distributed and reviewed the renewal proposal (Attachment 14”) with directors. He confirmed the recommendation to renew the policy with Philadelphia Insurance company as presented in the proposal, at a total premium of $26,907, which is $521 more than the prior year

Following discussion and upon motion duly made and seconded, the following resolution was unanimously approved:

RESOLVED, to approve the renewal of the Property/Liability Commercial Insurance Package Policy with Philadelphia Insurance Company as presented in “Attachment 14”.

PRELIMINARY 2014 BUDGET ASSUMPTIONS
Debbie Hahn summarized the budget assumption memo (“Attachment 15”). Directors acknowledge the assumptions listing and requested the draft 2014 budget clearly specify what assumptions are applied.

UNFINISHED BUSINESS
Mike confirmed the Golf Course lease will be addressed later in the meeting in executive session.

NEW BUSINESS

OTHER NEW BUSINESS
Directors confirmed that the fourth quarter regular board meeting will be held on Friday, November 8, 2013 at 9:00 a.m.

GOLF COURSE LEASE NEGOTIATIONS
Following discussion and upon motion duly made and seconded, the following resolution was unanimously approved

RESOLVED, that the Board adjourn to executive session for discussion of the draft Golf Course Lease and related negotiations.

Prior to adjourning to executive session, Mike announced the Board would
reconvene in open session to take action, if any. Only directors participated in the executive session, except Chris Earnest who announced he would not participate due to his employment status with the golf course lessee.

The Board reconvened in open session and proceeded with the meeting.

Following discussion and upon motion duly made and seconded, the following resolution was unanimously approved

**RESOLVED, the Association approve the Golf Course Lease as presented and authorize the President to execute the lease on behalf of the Association.**

Hank next reviewed the activities of the Golf Course Study Committee and acknowledged the committee membership and their accomplishments. Committee members named were: Hank Cavender, Mike Bessonette, Mark Hunt, Steve Peccia and Bill Greeley. Pat Duffy requested that the committee make a final written report before the committee is dissolved. Hank will present in November.

Following discussion and upon motion duly made and seconded, the following resolution was unanimously approved

**RESOLVED, to dissolve the Golf Course Study Committee after its final report is submitted to the Board in November 2013.**

Mike advised the Lease requires appointment of members to a Golf Oversight Committee, three of whom are to be appointed by this Board. Pat Duffy proposed Hank Cavender and Mike Bessonette be appointed and that the third committee member be selected by the VROA Board.

Following discussion and upon motion duly made and seconded, the following resolution was unanimously approved

**RESOLVED, that Hank Cavender and Mike Bessonette be hereby appointed to serve on the Golf Oversight Committee at the pleasure of the Board, and that the Board authorizes the Eagle Crest Vacation Resort Owners Association Board of Directors to determine the third member appointment.**

Pat Duffy expressed appreciation to persons who participated in the lease negotiation process, commenting on their respectful conduct and the considerable cooperation between the parties.

**ADJOURNMENT**

There being no further business, the meeting was adjourned.

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Secretary to the Association