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Lost Valley Lake

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS

A meeting of the Board of Directors of Lost Valley Lake was held on August 16, 2014 in the Monroe Room of Lake Expo.

Directors Present:

Pat Leach

Doug Allen

Sallie Halverson

Aaron Zaner

Al Evans

Bud Morice

Tom Fannon

Also Present Were:

Carrie Tainter – Lost Valley Lake Resort Manager

Directors Absent:

All Directors were present

Counsel Present:

No legal Counsel was present

Call to Order

Pat Leach (Board Chair] called the meeting to order at 10:00 a.m. (Central Time) and Tom Fannon recorded the minutes. A quorum of directors was present, and the meeting, having been duly convened, was ready to proceed with business.

Chair Report

Pat Leach reviewed the agenda and welcomed everyone to the meeting.

Floor Discussions from the Ownership at large

Discussion: When dues are un-frozen and an Owner cannot afford their dues will the Resort take back my Ownership.

Conclusion: Lost Valley Lake will not take back nor is LVL in the business of selling Ownerships. Owners need to check with Mid-America Resorts (MAR) and see what MAR's position is. Will take this into consideration during deliberations on Maintenance Fees.

Discussion: Sites "Million Dollar Road" and "Mudslide Place." Can retaining walls be built and back filled with rock. Owners have to clean up the mess instead of the staff.

Conclusion: Resort is aware of the problem. Grounds and Maintenance will work on the issue – Owners need to be pro-active and let the Resort know about the problem while they are there so the problem can be attended to immediately.

Discussion: Children are out of control – not all Owners let their children run wild but some do and those that do think LVL is a babysitter for them.

Conclusion: Will try to advertise and promote Owners need to continue their parental responsibility while on the Resort.

Discussion: Negativity about paying Maintenance Fees – suggestion to put out a statement about percent of Owners who are not paying their dues. Associates and Guests are tearing up the Resort – Theater, Bathrooms, and Jump Pillow. Need a more watchful eye on unattended children.

Conclusion: Thank you for your input and concern.

Discussion: Reservations – Tried to make a reservation – put on hold for 33 minutes – wanted a reservation over Halloween – must reserve 3 nights over high volume (holiday weekend) – Reservations made an exception and apologized.

Knows family who were allowed to give back their Ownership and got nothing back for it. Does not think Maintenance Fees have ever been frozen. Thinks that Associates are Owners.

Conclusion: Dues have been frozen for 5 years. Apology made and problem will be investigated. Point was made to clarify that Associates are not Owners.

Discussion: Security – problem with unattended children running wild (e.g. opening fire alarm doors). Activities assured patrons the alarm was inadvertent. Suggestion that we use video / picture to track down the child.

Conclusion: Thank you.

Discussion: Unruly Associates - Suggestion to fine and hold Owners accountable for damage caused by Associates.

Conclusion: Owners are billed and fines levied for extra ordinary expenses caused by Associates. Owners and Associates have been banned from the Resort for damages and trouble caused. Owners do need to take responsibility for their Associates, Guest, and Children.

Discussion: Alcohol – restaurant serving more hard alcohol – seems like there is more issues because of alcohol. Noticed restaurant served an intoxicated person.

Conclusion: Alcohol will continue to be brought on the Resort even if we ban it – banning alcohol will not cure the problem. Will speak with the restaurant operator.

Discussion: Sponsored signs on sites. Can Owners still reserve these sites?

Conclusion: Partnership between the RV Dealer and Mid-America Sales. RV Dealers will refer their customers to LVL for putting up the signs. A reciprocal sales agreement. Sites can continue to be reserved by LVL Owners.

Discussion: Maintenance Fees – on a fixed income what will the dues increase be for 2015 would like to know so they can prepare. How will the increase be determined – CPI?

Conclusion: Increase has not been determined. Must make business decision. CPI will only take effect if the Board does not take action to set the dues.

Discussion: Dues freeze for 65 and over.

Conclusion: No action taken yet – we do not know the base age of our Ownership. Have not meet with the majority of the Owner base yet – if 70% of our Ownership base was over 65 then it would not be a good decision to freeze dues. We could not operate this way. No vote was taken because we do not know what we are dealing with. Administration does accept monthly payments for your dues and allow you to prepay.

Discussion: Five year freeze – when dues go up will they freeze again.

Conclusion: This has not been determined. Will release information after the Board meeting. The decision will be posted in the minutes.

Discussion: Roads repaired – are there plans to repair the roads.

Conclusion: Roads are still planned to be repaired we are looking for a way to make this happen within our budget. Will start soon using in-house labor to cut the bad spots, dig up, rock, pack, and pave.

Discussion: What action is taken against those 1600 that do not pay their dues?

Conclusion: Sent to third party collections and not allowed on the park.

Discussion: Internet stinks any plans to beef this up. Are we stocking the lakes?

Conclusion: Currently no plans are in place to upgrade the internet service. \$15,000 spent annually to stock the lakes. There is no planned expenditure increase for stocking the lakes.

Discussion: What happens if Owners are late paying dues?

Conclusion: If on a payment arrangement, they are allowed to use 30 days at a time no holidays.

Discussion: Damage to RV because of roads.

Conclusion: Will discuss with maintenance crew to slow down.

Discussion: New RV storage road – need a 4X4 to get up and down the road.

Conclusion: We are aware of the problem and are working on plans to fix it.

Discussion: What happens to elderly that cannot use their Ownership or Resort any longer? Do you take it back?

Conclusion: LVL does not take back or buy back each other's Ownership. This is your decision to make on how to handle it. Contact Administration for further information on how to transfer Ownership.

Discussion: Rumor about Associates stop usage or charge them more. Guests are coming free and using the Resort. Why don't we charge the Guests?

Conclusion: There is an Associate problem – Owner paying dues but 3 or 4 Associates are using the property – this a monetary problem. Is this fair or something we want to change – this decision is up in the air. What we have to deal with on the revenue side compared to what the Developer put in place are far apart.

Discussion: Transfer fee

Conclusion: \$1,500 to \$1,600 on average. This price can be built into the selling price by the Owner.

Discussion: When is the deed issued on your Ownership?

Conclusion: When the Retail Installment Contract is paid in full. Previous years when the Resort opened, the Deed Application was issued to the Owner and the Owner was to have the deed recorded. This did not work so currently the deed application is issued and returned to MAR who will have the deed recorded.

Discussion: Why is \$1,500 being charged for deed transfer?

Conclusion: This is a MAR issue. Basically, it is a business / monetary decision – we are not in the business to lose money. A whole variety of costs is associated with this – deed status check, labor, insurance (health, work comp) utilities, supplies etc.

Discussion: Does MAR have a Board of Directors Meeting?

Conclusion: No there is no MAR Board. Phone number given for direct contact.

Discussion: So if you sell your Ownership it will cost you \$1,500.

Conclusion: This depends on what deal you make with the buyer. This benefits LVL Owners – every time an Owner gives their Ownership away this decreases the value of your Ownership – 20% of the time the buyer is not financial well qualified and gets sent to collections which means they are not paying their dues which affects you.

Discussion: If we do not want the Ownership any longer – it will cost us \$750 to transfer to our children.

Conclusion: MAR collects this fee not LVL.

Discussion: We want to speak with Mr. Gentry.

Conclusion: Mr. Gentry will be at the Annual Meeting and will speak with you at that time.

Discussion: Are MAR labor paid by LVL. Then why the \$1,500 charge.

Conclusion: Yes.

Discussion: What happens if we die?

Conclusion: A will or Executor of the estate should handle this for you. If none of the above then the deed hangs out there in a foreclosed state.

Discussion: What is the Executive Diamond?

Conclusion: It is an enhancement or upgrade to your Ownership.

Discussion: What is the cost of an Ownership? Trying to compare cost with the \$1,500 transfer fee.

Conclusion: The average sales price is \$8,400.

Discussion: Security – should we raise the age limit of unattended children.

Conclusion: This will be considered.

Discussion: Are we still actively selling and is Riata part of LVL.

Conclusion: We are selling – not as active as we would like. It is on the Developers property. Riata Ranch is not part of LVL however, you have to be an Executive Owner to be a member of Riata Ranch. All Riata Ranch members are required to pay LVL annual maintenance fees.

Discussion: Suggestion for Security – Post on the website or Reservations a security report – for example, a minor did this, or an Associate did this.

Conclusion: Will not do this for privacy reasons.

Closed Session

The Board next discussed a number of topics. Questions were asked and answered.

Approval of Minutes

Pat Leach presented to the Board the minutes of the previous board meeting for approval with the exception to strike the comment in regards to a speed gun, whereupon motion duly made, seconded and unanimously adopted, the minutes were approved as presented with the deleting of the speed gun comments.

Discussion surrounded how much detail needs to be included in the minutes. Secretary will attempt to provide more detail.

Old Business

Discussion in regards to the functions of the Board and the relationship between the Board and Management. Acts as a bridge between the Owner base and Management.

Board requested more information from Management to the Board in regards to the happenings on the Resort. This will allow the Board to help answer questions from the Owner base.

New Business

Discussion ensued in regards to Security and damage.

Discussion ensued in regards to Associate usage.

Financial Review

Carrie Tainter provided a summary update on the Company's financial plan and forecast. Discussion ensued.

Financial Planning

Discussion ensued in regards to an annual Maintenance Fee increase.

Conclusion: Board approved a 2015 dues increase as follows:

Executive Level	\$49.90 per year
Charter/General Level	\$42.80 per year
Wilderness	\$32.50 per year

Discussion: Associate usage and cost.

Conclusion: Board approved an increase in Associate per card cost from \$30.00 per year to \$100.00 per year effective 2015. This increase pertains to Associates over the age of twenty-one and not living at home.

Discussion ensued in regards to a proposed earmarked assessment.

Conclusion: No decision reached.

Adjournment

There being no further business to come before the meeting, the meeting was adjourned at approximately 12:30 p.m. (Central Time).

Respectfully submitted,

Tom Fannon, Recording Secretary