

IN THE SUPREME COURT OF THE STATE OF NEVADA

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*Supreme Court Case No.*

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MEI-GSR HOLDINGS, LLC, a Nevada corporation; AM-GSR HOLDINGS, LLC, a Nevada corporation; and GAGE VILLAGE COMMERCIAL DEVELOPMENT, LLC, a Nevada corporation,

*Petitioners,*

v.

THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA, IN AND FOR THE COUNTY OF WASHOE, AND THE HONORABLE ELIZABETH GONZALEZ (RET.), SENIOR JUDGE, DEPARTMENT OJ41; AND RICHARD M. TEICHNER, RECEIVER,

*Respondents,*

and

ALBERT THOMAS, individually; JANE DUNLAP, individually; JOHN DUNLAP, individually; BARRY HAY, individually; MARIE-ANNE ALEXANDER, as Trustee of the MARIE-ANNIE ALEXANDER LIVING TRUST; MELISSA VAGUJHELYI and GEORGE VAGUJHELYI, as Trustees of the GEORGE VAGUJHELYI AND MELISSA VAGUJHELYI 2001 FAMILY TRUST AGREEMENT, U/T/A APRIL 13, 2001; D' ARCY NUNN, individually; HENRY NUNN, individually; MADELYN VAN DER BOKKE, individually; LEE VAN DER BOKKE, individually; DONALD SCHREIFELS, individually; ROBERT R. PEDERSON, individually and as Trustee of the PEDERSON 1990 TRUST; LOU ANN PEDERSON, individually and as Trustee of the PEDERSON 1990 TRUST; LORI ORDOVER, individually; WILLIAM A. HENDERSON, individually; CHRISTINE E. HENDERSON, individually; LOREN D. PARKER, individually; SUZANNE C. PARKER, individually; MICHAEL IZADY, individually; STEVEN TAKAKI, individually; FARAD TORABKHAN, individually; SAHAR TAVAKOL, individually; M&Y HOLDINGS, LLC; JL&YL HOLDINGS, LLC; SANDI RAINES, individually; R. RAGHURAM, individually; USHA RAGHURAM, individually; LORI K. TOKUTOMI, individually; GARRET TOM, individually; ANITA TOM, individually; RAMON FADRILAN, individually; FAYE FADRILAN, individually; PETER K. LEE and MONICA L. LEE, as Trustees of the LEE FAMILY 2002 REVOCABLE TRUST; DOMINIC YIN, individually; ELIAS SHAMIEH, individually; JEFFREY QUINN individually; BARBARA ROSE QUINN individually; KENNETH RICHE, individually; MAXINE RICHE, individually; NORMAN CHANDLER, individually; BENTON WAN, individually; TIMOTHY D. KAPLAN, individually; SILKSCAPE INC.; PETER CHENG, individually; ELISA CHENG, individually; GREG A. CAMERON, individually; TMI PROPERTY GROUP, LLC; RICHARD LUTZ, individually; SANDRA LUTZ,

individually; MARY A. KOSSICK, individually; MELVIN CHEAH, individually; DI SHEN, individually; NADINE'S REAL ESTATE INVESTMENTS, LLC; AJIT GUPTA, individually; SEEMA GUPTA, individually; FREDRICK FISH, individually; LISA FISH, individually; ROBERT A. WILLIAMS, individually; JACQUELIN PHAM, individually; MAY ANN HOM, as Trustee of the MAY ANN HOM TRUST; MICHAEL HURLEY, individually; DOMINIC YIN, individually; DUANE WINDHORST, individually; MARILYN WINDHORST, individually; VINOD BHAN, individually; ANNE BHAN, individually; GUY P. BROWNE, individually; GARTH A. WILLIAMS, individually; PAMELA Y. ARATANI, individually; DARLENE LINDGREN, individually; LAVERNE ROBERTS, individually; DOUG MECHAM, individually; CHRISINE MECHAM, individually; KWANGSOO SON, individually; SOO YEUN MOON, individually; JOHNSON AKINDODUNSE, individually; IRENE WEISS, as Trustee of the WEISS FAMILY TRUST; PRAVESH CHOPRA, individually; TERRY POPE, individually; NANCY POPE, individually; JAMES TAYLOR, individually; RYAN TAYLOR, individually; KI HAM, individually; YOUNG JA CHOI, individually; SANG DAE SOHN, individually; KUK HYUNG (CONNIE), individually; SANG (MIKE) YOO, individually; BRETT MENMUIR, as Trustee of the CAYENNE TRUST; WILLIAM MINER, JR., individually; CHANH TRUONG, individually; ELIZABETH ANDERS MECUA, individually; SHEPHERD MOUNTAIN, LLC; ROBERT BRUNNER, individually; AMY BRUNNER, individually; JEFF RIOPELLE, individually; PATRICIA M. MOLL, individually; DANIEL MOLL, individually;

*Real Parties in Interest.*

**APPENDIX IN SUPPORT OF PETITION FOR WRIT OF MANDAMUS  
OR, IN THE ALTERNATIVE, PROHIBITION**

**VOLUME 4 of 10**

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Reply in Support of Motion for Instructions to Receiver to Take Over Control of Rents, Dues, Revenues, and Bank Accounts	4/21/2021	6	PA1199-1236
Second Amended Complaint	3/26/2013	1	PA0023-0048
Stipulation and Order Regarding the Court's Findings of Fact, Conclusions of Law and Judgment	11/3/2015	3	PA0660-0661
Transcript of Proceedings – Bench Trial	6/6/2023	9	PA1904-1959

<b>Description</b>	<b>Date</b>	<b>Vol. Nos.</b>	<b>Bates Nos.</b>
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Transcript of Proceedings – Contempt Trial Day 4	6/9/2023	10	PA2070- 2123
Transcript of Proceedings – Order to Show Cause	6/8/2023	9-10	PA1996- 2069

DATED this 8th day of April 2024.

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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I am an employee of PISANELLI BICE PLLC and that, on this 8th day of April 2024, I caused to be served via email (FTP) a true and correct copy of the above and foregoing **APPENDIX IN SUPPORT OF PETITION FOR WRIT OF MANDAMUS OR, IN THE ALTERNATIVE, PROHIBITION VOLUME 4 of 10** properly addressed to the following:

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*Respondent*

/s/ Cinda Towne  
An employee of PISANELLI BICE PLLC

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**THIS DECLARATION** is made and entered into by Grand Sierra Operating Corp., a Nevada corporation (the "Declarant");

**WITNESSETH:**

**WHEREAS**, the Declarant holds legal title to the parcel of real estate situated in the City of Reno, County of Washoe, Nevada (hereinafter called the "Parcel") and legally described on Exhibit A attached hereto and by this reference made a part hereof; and

**WHEREAS**, the Declarant desires and intends by this Declaration to submit the Property, as hereinafter defined, to the provisions of the Uniform Common-Interest Ownership Act of the State of Nevada, as amended from time to time (hereinafter called the "Act"), as a Condominium within the meaning of the Act, situated within the County of Washoe; and is further desirous of establishing, for its own benefit and that of all future owners or occupants of the Property, and each part thereof, certain easements and rights in, over and upon the Property and certain mutually beneficial restrictions and obligations with respect to the use and maintenance thereof; and

**WHEREAS**, the Declarant desires and intends for the Condominium to be owned and operated as a mixed use hotel condominium property; and

**WHEREAS**, the Declarant reserves various developmental rights and special Declarant's rights, as set forth below in detail, including the right to annex additional mixed use real estate into the Condominium, which may include additional buildings or portions thereof containing any combination of Unit types described herein, and if such additional mixed use elements are annexed, Declarant reserves the right to restrict voting rights appurtenant to the Units to matters involving the building or buildings containing said units and/or to issues of concern to particular Unit types.

**WHEREAS**, the Common Elements of the Condominium will not include exterior wall facades and finishes, the Building roof(s), lobby space, front desk areas, office space, housekeeping closets, elevators, stairways or corridors, or portions of certain mechanical and operating systems which serve the Condominium Property. Such facilities are located within the "Shared Facilities Unit" (defined below) or within the remainder portion of the Parcel (defined below), which Shared Facilities Unit and remainder parcel and the additions, alterations, betterments and improvements thereto initially shall be owned, operated, decorated, maintained, repaired and replaced by the Declarant, and each Unit Owner shall pay directly to the Declarant their respective pro-rata share of certain costs of such ownership, operation, decoration, maintenance, repair and replacement, as more fully provided herein. The Declarant also will make certain portions of the Shared Facilities Unit defined herein as the "Public Shared Facilities" available to the Unit Owners for use in day-to-day Hotel operations as more fully provided herein; and

**WHEREAS**, the name of the Condominium shall be the "Hotel-Condominiums at Grand Sierra Resort "; and

**WHEREAS**, the Declarant desires and intends that the several owners, mortgagees, occupants, and other persons acquiring any interest in the Property shall at all times enjoy the

benefits of, and shall at all times hold their interests subject to, the rights, easements, privileges, and restrictions hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the cooperative aspect of ownership and to facilitate the proper administration of such Property and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Property. All of the limitations, restrictions, reservations, rights, easements, conditions and covenants contained in this Declaration shall run with and burden the Parcel and all Persons having or acquiring any right, title or interest in the Parcel, or any part thereof, and their successive owners, heirs, successors, and assigns, and shall be enforceable as covenants running with the land and/or equitable servitudes.

**NOW, THEREFORE,** the Declarant, as the legal title holder of the Parcel, and for the purposes above set forth; **DECLARES AS FOLLOWS:**

## **ARTICLE 1**

### **DEFINITIONS**

For the purpose of brevity and clarity, certain words and terms used in this Declaration are defined as follows:

**Association.** Grand Sierra Resort Unit-Owners' Association, a Nevada nonprofit corporation.

**Additional Parcel.** All or any portion of the Future Expansion Parcel, as designated on the Plat, that hereafter may be submitted to the Act pursuant to the provisions of Article 11 of this Declaration, including the New Construction Units.

**Allocated Interests.** The undivided interests in the common elements, the liabilities for common expenses, and votes in the Association.

**Board.** The persons determined pursuant to the Bylaws and Article 5 hereof who are vested with the authority and responsibility of administering the Association.

**Building.** The existing building located on the Parcel that will contain certain Units, as shown by the survey depicting the respective floors of the Building.

**Bylaws.** The provisions for the administration of the Association, as the same may be from time to time duly amended.

**Commercial Unit.** The Units designated as Commercial Units on the Plat (or any amendment thereto), as a part of the Property, and any additional Commercial Units established pursuant to this Declaration, not to exceed 1,000 total Commercial Units. Subject to the conversion right set forth in Section 7.1(n) below, the term "Commercial Unit" shall specifically exclude the Hotel Units, Residential Units, and Shared Facilities Units.

**Commercial Unit Owner.** The Unit Owner or Owners, from time to time, of the Commercial Units.

**Common Elements.** All portions of the Condominium Property except the Units, more specifically described in Section 3.1 hereof. The Shared Facilities Unit is a Unit and shall not constitute a portion of the Common Elements. The Condominium has been established in such a manner as to minimize Common Elements. There are no limited common elements within the Property.

**Common Expenses.** Expenditures made by, or financial liabilities of, the Association, together with any allocations to reserves. The Common Expenses are distinct from and are in addition to the Shared Facility Expenses and the Hotel Expenses.

**Condominium Property.** A portion of the real property and space within the Parcel, the improvements and structures erected, constructed or contained therein, thereon or thereunder, the easements, rights and appurtenances belonging thereto, and the fixtures, intended for the mutual use, benefit or enjoyment of the Owners, that is hereby or hereafter submitted and subjected to the provisions of this Declaration and to the Act from time to time.

**Declarant.** Grand Sierra Operating Corp., a Nevada corporation, and its successors and assigns.

**Declaration.** This instrument, by which the Property is submitted to the provisions of the Act, including such amendments, if any, to this instrument as may from time to time be adopted pursuant to the terms hereof.

**FF&E.** As defined in Section 4.5(b)(i) below, and in each Purchase and Sale Agreement.

**Future Expansion Parcel.** The parcel and tract of real estate legally described on Exhibit C attached hereto and made a part hereof.

**Hotel.** The existing hotel formerly known as the Reno Hilton®, consisting of approximately 1995 guest rooms, ten restaurants, a casino, spa, approximately 200,000 square feet of meeting and convention space, and related facilities and out parcels. Hilton® is a registered trademark of Hilton Hospitality, Inc., an affiliate of Hilton Hotels Corporation. The Declarant and Hilton have not, and do not intend to, negotiate a management agreement to manage the Hotel or the Property.

**Hotel Expenses.** As defined in Section 6.10 below. The Hotel Expenses include the Hotel Reserve, and are distinct from and in addition to the Shared Facilities Expenses and the Common Expenses.

**Hotel Reserve.** As defined in Section 6.10(b) below.

**Hotel Guest.** A transient guest of the Hotel, which may include Unit Owners of Hotel Units.

**Hotel Management Company.** The management company, its successors in interest or assigns, engaged by the Declarant in its sole and absolute discretion, to manage the day-to-day operations of the Hotel and perform such other functions as may be specified in the management agreement between the Declarant and such Hotel Management Company.



## ARTICLE 6

### **COMMON EXPENSES & OTHER CHARGES**

**6.1 Preparation of Annual Budget.** On or before November 1 of each calendar year, the Board shall cause to be prepared a detailed proposed budget for the ensuing calendar year. Such budget shall take into account the estimated annual Common Expenses and cash requirements for the year, including wages, materials, insurance, services, supplies and all other Common Expenses, together with a reasonable amount considered by the Board to be necessary for adequate reserves, including, without limitation, amounts to maintain a Capital Reserve (as hereinafter defined in Section 6.2). The annual budget shall also take into account the estimated net available cash income for the year from the operation or use of the Common Elements and, to the extent that the assessments and other cash income collected from the Unit Owners during the preceding year are more or less than the expenses for the preceding year, the surplus or deficit shall also be taken into account. On or before November 15 of each year, the Board shall notify each Unit Owner in writing as to the proposed annual budget, with reasonable itemization thereof, including those portions intended for capital expenditures or repairs or payment of real estate taxes and containing each Unit Owner's respective assessment; provided, however, that such proposed annual budget shall be furnished to each Unit Owner at least thirty (30) days prior to its adoption by the Board. On or before January 1 of the ensuing calendar year, and the first day of each and every month of said year, each Unit Owner, jointly and severally, shall be personally liable for and obligated to pay to the Board (or as it may direct) one-twelfth (1/12) of such Unit Owner's proportionate share of the Common Expenses for each year as shown by the annual budget. Such proportionate share for each Unit Owner shall be in accordance with such Unit Owner's respective percentage of ownership in the Common Elements as set forth in Exhibit B attached hereto. On or before April 1 of each calendar year following the initial meeting of the Unit Owners, the Board shall supply to all Unit Owners an itemized accounting of the Common Expenses for the preceding calendar year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the actual expenses plus reserves. Such accounting shall, upon the written request of any Unit Owner, be prepared by a certified public accountant, in which event such accounting shall be due as soon as reasonably possible after such request. Any net shortage or excess shall be applied as an adjustment to the installments due under the current year's estimate in the succeeding six (6) months after rendering of the accounting, subject, however, to the provisions of Section 6.2 hereof.

**6.2 Capital Reserve; Supplemental Budget.** The Association shall segregate and maintain a special reserve account to be used solely for the repair, replacement and restoration of the major components of the Common Elements (the "Capital Reserve"). The Board shall determine the appropriate level of the Capital Reserve based on a periodic review of the reserve study required by the Act, and upon a review of the useful life of improvements to the Common Elements and equipment owned by the Association as well as periodic projections of the cost of anticipated major repairs or improvements, repairs and replacements necessary to the Common Elements or the purchase of equipment to be used by the Association in connection with its duties hereunder. Each budget shall disclose that percentage of the annual assessment which shall be added to the Capital Reserve and each Unit Owner shall be deemed to make a capital contribution to the Association equal to such percentage multiplied by each installment of the

annual assessment paid by such Unit Owner. Expenditures for the repair, replacement and restoration of the major components of the Common Elements which may become necessary during the year shall be charged first against the Capital Reserve. If the estimated Common Expenses contained in the budget prove inadequate for any reason or in the event a nonrecurring Common Expense is anticipated for any year, then the Board may prepare and approve a supplemental budget covering the estimated deficiency or nonrecurring expense for the remainder of such year, copies of which supplemental budget shall be furnished to each Unit Owner, and thereupon a special or separate assessment shall be made to each Unit Owner for such Unit Owner's proportionate share of such supplemental budget. All Unit Owners shall be personally liable for and obligated to pay their respective adjusted monthly amount, and such adjusted amount shall be a lien upon applicable Units at such time as the adjusted monthly assessment becomes due. In addition to the foregoing, any Common Expense not set forth in the annual budget or any increase in assessments over the amount set forth in the adopted annual budget shall be separately assessed against all Unit Owners. The Board may adopt special or separate assessments payable over more than one fiscal year.

**6.3 Initial Budget.** The Board shall determine and adopt, prior to the conveyance of the first Unit Ownership hereunder, an initial budget commencing with the first day of the month in which the sale of the first Unit Ownership is closed and ending on December 31 of the calendar year in which such sale occurs, and shall continue to determine the proposed annual budget for each succeeding calendar year, and which may include such sums as collected from time to time at the closing of the sale of each Unit Ownership. Assessments shall be levied against the Unit Owners during said period as provided in Section 6.1 of this Article and in the Act, except that if the closing of the sale of the first Unit Ownership is not on January 1, monthly assessments to be paid by Unit Owners shall be based upon the amount of the budget and the number of months and days remaining in such calendar year.

**6.4 Failure to Prepare Annual Budget.** The failure or delay of the Board to give notice to each Unit Owner of the annual budget shall not constitute a waiver or release in any manner of such Unit Owner's obligation to pay such Unit Owner's respective monthly assessment, as herein provided, whenever the same shall be determined, and in the absence of the annual or adjusted budget, the Unit Owner shall continue to pay monthly assessments at the then existing monthly rate established for the previous period until the monthly assessment is given of such new annual budget.

**6.5 Records of the Association.**

(a) The management company or the Board shall maintain the following records of the Association available for inspection, examination and copying during normal business hours by the Unit Owners, First Mortgagees, Insurers and Guarantors, and their duly authorized agents or attorneys:

- (i) Copies of this Declaration, the Bylaws, and any amendments, Articles of Incorporation of the Association, annual reports, and any current rules and regulations adopted by the Association or its Board, and the Association's books, records and financial statements.



- (ii) Detailed accurate records in chronological order of the receipts and expenditures affecting the Common Elements and Common Expenses, specifying and itemizing the maintenance and repair expenses of the Common Elements and any other expense incurred, and copies of all contracts, leases, or other agreements entered into by the Association.
- (iii) The minutes of all meetings of the Association and the Board. The Association shall maintain these minutes until the common-interest community is terminated.
- (iv) Ballots and proxies relating thereto for all elections to the Board and for any other matters voted on by the Unit Owners shall be maintained for a period of not less than ten (10) years; provided that, unless directed by court order, only the voting ballot excluding a Unit number or symbol shall be subject to inspection and copying.
- (v) Such other records of the Association as are available for inspection pursuant to NRS 116.31175, 116.31177, and 116. 3118, as amended, or otherwise subject to inspection by law.

(b) A reasonable fee not to exceed the maximum amounts established in the Act may be charged by the Board for the cost of copying.

(c) Upon ten (10) days' notice to the Board and payment of a reasonable fee, any Unit Owner shall be furnished a statement of such Unit Owner's account setting forth the amount of any unpaid assessments or other charges due and owing from such Unit Owner.

**6.6 Status of Collected Funds.** All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Unit Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments or user charges) shall be deemed to be held for the benefit, use and account of all the Unit Owners in the percentages set forth in Exhibit B.

**6.7 User Charges.** The Board, or the Declarant acting pursuant to Article 5 hereof, may establish, and each Unit Owner shall pay, user charges to defray the expense of providing services, facilities, or benefits which may not be used equally or proportionately by all of the Unit Owners or which, in the judgment of the Board, should not be charged to every Unit Owner. Such expense may include such services and facilities provided to Unit Owners which the Board determines should not be allocated among all of the Unit Owners in the same manner as the Common Expenses. Such user charges may be billed separately to each Unit Owner benefited thereby, or may be added to such Unit Owner's share of the Common Expenses, as otherwise determined, and collected as a part thereof. Nothing herein shall require the establishment of user charges pursuant to this Section 6.7, and subject to the requirements of the Act, the Board or the Declarant may elect to treat all or any portion thereof as Common Expenses.

**6.8 Non-Use and Abandonment.** No Unit Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Elements or abandonment of his, her or their Units.

**6.9 Shared Facilities Expenses.** In addition to the budget and assessment procedures related to the Common Elements as described in Sections 6.1 through 6.8 above, and in addition to the Hotel Expenses described in Section 6.10 below and other charges or assessments set forth in the governing documents, in connection with the ownership, operation, use, maintenance, repair, replacement and refurbishment of the Shared Facilities Unit, and for the purpose of reimbursing the Shared Facilities Unit Owner for all general and special condominium assessments, use charges, utility costs, insurance costs, real estate taxes and other fees, costs, charges or expenses incurred by the Shared Facilities Unit Owner in connection with the ownership, use, maintenance, operation, repair and replacement of the Shared Facilities Unit and all improvements and personalty located within or upon the Shared Facilities Unit, each Unit Owner other than the owner of the Shared Facilities Unit also shall be bound by and shall comply with the following budget, assessment, reserve and collection requirements regarding the Shared Facilities Expenses (as defined below):

(a) **Preparation of Annual Budget for Shared Facilities Unit.** On or before November 1 of each calendar year, the Owner of the Shared Facilities Unit shall cause to be prepared a detailed proposed budget (the "Shared Facilities Budget") for the ensuing calendar year regarding the costs of ownership, operation, use, maintenance, repair, replacement and refurbishment of the Shared Facilities Unit and all improvements and personalty located within or upon the Shared Facilities Unit, all as more particularly described below. The Shared Facilities Budget shall take into account (i) the estimated annual expenses for the ownership, operation, use, maintenance, repair, replacement and refurbishment of the Shared Facilities Unit, (ii) cash requirements for the year, including wages, materials, insurance, services, supplies and all other expenses related to the Shared Facilities Unit, (iii) all costs to reimburse the Owner of the Shared Facilities Unit for all general and special condominium assessments and use charges incurred by the Shared Facilities Unit in accordance with Sections 6.1 to 6.8 above, utility costs for the Shared Facilities Unit, real estate taxes for the Shared Facilities Unit and other fees, costs, charges or expenses incurred by the Owner of the Shared Facilities Unit in connection with the ownership, use, maintenance, operation, repair and replacement of the Shared Facilities Unit and all improvements located within or upon the Shared Facilities Unit, and (iv) a reasonable amount considered by the Owner of the Shared Facilities Unit based on an independent Reserve Study of certain major components of the Shared Facilities Unit to be necessary for adequate reserves, including, without limitation, amounts to maintain the Shared Facilities Reserve (subparagraphs (i) through (iv) above being collectively referred to herein as the "Shared Facilities Expenses"). The Shared Facilities Budget shall also take into account the estimated net available cash income for the year from the operation or use of the Shared Facilities Unit and, to the extent that the assessments and other cash income, if any, collected from the Unit Owners during the preceding year are more or less than the expenses for the preceding year, the surplus or deficit shall also be taken into account. On or before November 15 of each year, the Owner of the Shared Facilities Unit shall notify each other Unit Owner in writing as to the proposed annual Shared Facilities Budget, with reasonable itemization thereof, including those portions intended for capital expenditures or repairs or payment of real estate taxes relating to the Shared Facilities Unit and containing each Unit Owner's respective assessment; provided, however, that such proposed

annual Shared Facilities Budget shall be furnished to each Unit Owner at least thirty (30) days prior to its adoption by the owner of the Shared Facilities Unit. On or before January 1 of the ensuing calendar year, and the first day of each and every month of said year, each Unit Owner, jointly and severally, shall be personally liable for and obligated to pay to the Owner of the Shared Facilities Unit (or as it may direct) one-twelfth (1/12) of such Unit Owner's proportionate share of the Shared Facilities Expenses for each year as shown by the Shared Facilities Budget for such year. Such proportionate share for each Unit Owner shall be in accordance with such Unit Owner's respective percentage of obligation as set forth in Exhibit D attached hereto. On or before April 1 of each calendar year following the initial meeting of the Unit Owners, the Owner of the Shared Facilities Unit shall supply to all Unit Owners an itemized accounting of the Shared Facilities Expenses for the preceding calendar year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the actual Shared Facilities Expenses plus reserves. Such accounting shall, upon the written request of any Unit Owner, be prepared by a certified public accountant, in which event such accounting shall be due as soon as reasonably possible after such request. Any net shortage or excess shall be applied as an adjustment to the installments due under the current year's estimate in the succeeding six (6) months after rendering of the accounting, subject, however, to the provisions of Section 6.9(b) hereof.

(b) **Shared Facilities Reserve; Supplemental Shared Facilities Budget.** The Owner of the Shared Facilities Unit shall segregate and maintain a special reserve account to be used solely for making capital expenditures and paying for the costs of deferred maintenance in connection with the Shared Facilities Unit (the "Shared Facilities Reserve"). One of the primary purposes of the Shared Facilities Reserve is to reserve funds for the periodic repair, replacement, refurbishment, enhancement and update of the Shared Facilities Unit, as may be performed from time to time in the sole and absolute discretion of the Owner of the Shared Facilities Unit, and at the sole cost and expense of the Unit Owners. The Owner of the Shared Facilities Unit shall determine the appropriate level of the Shared Facilities Reserve based on a periodic review of the useful life of improvements to the Shared Facilities Unit and equipment owned by the owner of the Shared Facilities Unit for use in the Shared Facilities Unit and Hotel Units, as well as periodic projections of the cost of anticipated major repairs, improvements, and replacements necessary to the Shared Facilities Unit, or the purchase of equipment to be used by the Owner of the Shared Facilities Unit, in connection with the Shared Facilities Unit or Hotel Units. In performing this periodic review, the Owner of the Shared Facilities Unit shall cause to be prepared at least once every five (5) years, and shall review annually, an independent Reserve Study. Each Shared Facilities Budget shall disclose that percentage of the annual assessment which shall be added to the Shared Facilities Reserve, and each Unit Owner shall be deemed to make a capital contribution to the Owner of the Shared Facilities Unit equal to such percentage multiplied by each installment of the annual Shared Facilities Expenses assessment paid by such Unit Owner. Extraordinary expenditures not originally included in the annual estimate which may become necessary during the year shall be charged first against such portions of any specific contingency reserve or the Shared Facilities Reserve, as applicable, which remains unallocated. If the estimated Shared Facilities Expenses contained in the Shared Facilities Budget prove inadequate for any reason or in the event a nonrecurring Shared Facilities Expense is anticipated for any year, then the owner of the Shared Facilities Unit may prepare and approve a supplemental Shared Facilities Budget covering the estimated deficiency or nonrecurring expense for the remainder of such year, copies of which supplemental Shared Facilities Budget

shall be furnished to each Unit Owner, and thereupon a special or separate assessment shall be made to each Unit Owner for such Unit Owner's proportionate share of such supplemental Shared Facilities Budget. All Unit Owners shall be personally liable for and obligated to pay their respective adjusted monthly amount. In addition to the foregoing, any Shared Facilities Expense not set forth in the annual Shared Facilities Budget or any increase in assessments over the amount set forth in the adopted annual Shared Facilities Budget shall be separately assessed against all Unit Owners. Assessments for additions and alterations to, or refurbishment, rehabilitation or enhancement of, the Shared Facilities Unit shall be either included in the above assessment process or separately assessed against all Unit Owners. Notwithstanding anything to the contrary contained herein, the owner of the Shared Facilities Unit shall have the right, in its sole and absolute discretion, to waive the right to collect reserves at any time and from time to time, provided that such waiver is exercised in a non-discriminatory fashion.

(c) **Initial Shared Facilities Budget.** The Owner of the Shared Facilities Unit shall determine and adopt, prior to the conveyance of the first Unit Ownership hereunder, an initial Shared Facilities Budget commencing with the first day of the month in which the sale of the first Unit Ownership is closed and ending on December 31 of the calendar year in which such sale occurs, and shall continue to determine the proposed annual Shared Facilities Budget for each succeeding calendar year, and which may include such sums as collected from time to time at the closing of the sale of each Unit Ownership. Assessments for Shared Facilities Expenses shall be levied against the Unit Owners during said period as provided in Section 6.9(a) of this Article, except that if the closing of the sale of the first Unit Ownership is not on January 1, monthly assessments for Shared Facilities Expenses to be paid, by Unit Owners shall be based upon the amount of the Shared Facilities Budget and the number of months and days remaining in such calendar year.

(d) **Failure to Prepare Annual Shared Facilities Budget.** The failure or delay of the Owner of the Shared Facilities Unit to give notice to each Unit Owner of the annual Shared Facilities Budget shall not constitute a waiver or release in any manner of such Unit Owner's obligation to pay such Unit Owner's respective monthly assessment for Shared Facilities Expenses, as herein provided, whenever the same shall be determined, and in the absence of the annual or adjusted Shared Facilities Budget, the Unit Owner shall continue to pay monthly assessments for the Shared Facilities Expenses at the then-existing monthly rate established for the previous period until the monthly assessment for Shared Facilities Expenses, which is due more than ten (10) days after notice is given of such new annual Shared Facilities Budget.

(e) **Status of Collected Funds.** All funds collected under this Section 6.9 shall be held and expended for the purposes designated herein.

(f) **Shared Facilities Unit Owner's Lien Rights.** In the event any other Unit Owner fails to promptly pay or reimburse the Shared Facilities Unit Owner, the Declarant or the Hotel Management Company, as the case may be, in accordance with this Section 6.9, the Shared Facilities Unit Owner, the Declarant or the Hotel Management Company (as the case may be) shall impose a charge upon such Unit Owner in the maximum amount of any sums due from such Unit Owner, including the amount of any attorney's fees & costs incurred in enforcing the obligations contained herein, which sum shall be a lien upon the Unit Ownership of the defaulting Unit Owner, subject to the recordation of a notice of lien, and foreclosure of such lien



by sale of the Unit Ownership under substantially the same procedure provided to the Association in NRS Chapter 116 for the foreclosure of liens for assessments; provided, however, that such lien shall be subordinate to the lien of a prior recorded first mortgage on the interest of such Unit Owner. Except as hereinafter provided, the lien provided for in this Section 6.9(f) shall not be affected by any transfer of title to the Unit Ownership. Where title to the Unit Ownership is transferred pursuant to a decree of foreclosure or by deed or assignment in lieu of foreclosure, such transfer of title shall, to the extent permitted by law, extinguish the lien described in this Section 6.9(f) for any sums which became due prior to (i) the date of the transfer of title or (ii) the date on which the transferee comes into possession of the Unit Ownership, whichever occurs first.

**6.10 Hotel Expenses.** In addition to the budget and assessment procedures related to the Common Elements and Shared Facilities Unit as described in Sections 6.1 through 6.9 above, and in addition to other charges or assessments set forth in the governing documents, in connection with the ownership, operation, use, maintenance, repair, replacement and refurbishment of certain components of the Building outside of the Condominium, which necessarily benefit in part the Unit Owners, and in part private operations and facilities outside of the Condominium Property, Declarant hereby identifies specific utility and structural components and insurance coverages, as detailed in Exhibit E (which is attached hereto and incorporated herein), an allocated portion of the expenses and fees of which shall be paid initially by the Declarant and reimbursed to the Declarant by the Unit Owners as more fully set forth herein. For the purpose of reimbursing the Declarant for an allocated share of all such utility use, maintenance, repair and replacement costs, structural maintenance, repair and replacement costs, insurance fees, and related charges or expenses, including reserve expenses, incurred by Declarant in connection with the ownership, use, maintenance, operation, repair and replacement of the components specified in Exhibit E, each Unit Owner other than the Owner of the Shared Facilities Unit also shall be bound by and shall comply with the following assessment, reserve and collection requirements:

(a) **Preparation of Annual Estimate of the Hotel Expenses.** On or before November 1 of each calendar year (other than the year preceding the first closing of the sale of a Unit), the Declarant shall cause to be prepared a detailed estimate of the Hotel Expenses that will be incurred in the ensuing calendar year for the utility use, maintenance, repair and replacement costs, structural maintenance, repair and replacement costs, insurance fees, and associated charges or expenses, including reserve expenses, relating to the components identified on Exhibit E (hereafter "Hotel Expenses Estimate"). The Hotel Expenses Estimate shall take into account (i) the estimated annual use charges for the utilities identified in Exhibit E, (ii) the estimated maintenance, repair and replacement expenses relating to the utility and structural components identified on Exhibit E, (iii) certain overhead costs related to the maintenance, repair and replacement of the utility and structural components identified on Exhibit E, including wages, payroll expenses, materials, insurance, and supplies, and (iv) a reasonable amount considered by the Declarant, based upon an independent Reserve Study of the components listed on Exhibit E, to be necessary for adequate reserves for the future replacement or refurbishment of certain components, including, without limitation, amounts to maintain the Hotel Reserve. The Declarant shall apply the expense allocation formulas set forth in Exhibit D to the Hotel Expenses Estimate, and thereby shall compute the portion of the total expenses described in the Hotel Expenses Estimate to be assessed to Unit Owners during the ensuing year (hereafter "Hotel

Expenses"). On or before November 15 of each year (other than the year preceding the first closing of the sale of a Unit), the Declarant shall notify each Unit Owner in writing as to the Hotel Expenses, with reasonable itemization thereof, including those portions intended for capital expenditures or repairs, and containing each Unit Owner's respective assessment. On or before January 1 of the ensuing calendar year, and the first day of each and every month of said year, each Unit Owner, jointly and severally, shall be personally liable for and obligated to pay to the Declarant (or as it may direct) one-twelfth (1/12) of such Unit Owner's proportionate share of the Hotel Expenses for each year as shown by the notification of Hotel Expenses for such year. On or before April 1 of each calendar year following the initial meeting of the Unit Owners, the Declarant shall supply to all Unit Owners an itemized accounting of the Hotel Expenses for the preceding calendar year actually incurred and/or paid, together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the Hotel Expenses, including reserves. Such accounting shall be prepared by a certified public accountant. Any net shortage or excess shall be applied as an adjustment to the installments due under the current year's Hotel Expenses in the succeeding six (6) months after rendering of the accounting, subject, however, to the provisions of Section 6.10(b) hereof.

(b) **Hotel Reserve; Supplemental Hotel Expenses.** The Declarant shall segregate and maintain a special reserve account to be used solely for making capital expenditures and paying for the costs of deferred maintenance in connection with the components listed on Exhibit E (the "Hotel Reserve"). One of the primary purposes of the Hotel Reserve is to reserve funds for a portion of the costs of the periodic repair, replacement, refurbishment, enhancement and update of such components, as may be performed from time to time in the sole and absolute discretion of the Declarant. The Declarant shall determine the appropriate level of the Hotel Reserve based upon a periodic review of the useful life of improvements to the Shared Facilities Unit and equipment owned by the Owner of the Shared Facilities Unit for use in the Shared Facilities Unit and Hotel Units, as well as periodic projections of the cost of anticipated major repairs or improvements, repairs and replacements necessary to the Shared Facilities Unit, or the purchase of equipment to be used by the Owner of the Shared Facilities Unit, in connection with the Shared Facilities Unit or Hotel Units. In performing this periodic review, the Declarant shall cause to be prepared at least once every five (5) years, and shall review annually, an independent Reserve Study. Each notification of Hotel Expenses shall disclose that percentage of the annual assessment which shall be added to the Hotel Reserve, and each Unit Owner shall be deemed to make a capital contribution to the Owner of the Shared Facilities Unit equal to such percentage multiplied by each installment of the annual Hotel Expenses assessment paid by such Unit Owner. Extraordinary expenditures not originally included in the annual estimate which may become necessary during the year shall be charged first against such portions of any specific contingency reserve or the Hotel Reserve, as applicable, which remains unallocated. If the Hotel Expenses prove inadequate for any reason or in the event a nonrecurring Hotel Expense is anticipated for any year, then the Declarant may prepare and approve a supplemental notification of Hotel Expenses covering the estimated deficiency or nonrecurring expense for the remainder of such year, copies of which supplemental notification of Hotel Expenses shall be furnished to each Unit Owner, and thereupon a special or separate assessment shall be made to each Unit Owner for such Unit Owner's proportionate share of such supplemental notification of Hotel Expenses. All Unit Owners shall be personally liable for and obligated to pay their respective adjusted monthly amount. In addition to the foregoing, any Hotel Expenses not set forth in the annual notification of Hotel Expenses, or any increase in assessments over the amount set forth

in the adopted annual notification of Hotel Expenses shall be separately assessed against all Unit Owners. Assessments for additions and alterations to, or refurbishment, rehabilitation or enhancement of, the components listed on Exhibit E shall be either included in the above assessment process or separately assessed against all Unit Owners. Notwithstanding anything to the contrary contained herein, the Declarant shall have the right, in its sole and absolute discretion, to waive the right to collect reserves at any time and from time to time, provided that such waiver is exercised in a non-discriminatory fashion.

(c) **Initial Notification of Hotel Expenses.** The Declarant shall determine and adopt, prior to the conveyance of the first Unit Ownership hereunder, an initial notification of Hotel Expenses commencing with the first day of the month in which the sale of the first Unit Ownership is closed and ending on December 31 of the calendar year in which such sale occurs, and shall continue to determine the annual Hotel Expenses for each succeeding calendar year, and which may include such sums as collected from time to time at the closing of the sale of each Unit Ownership. Assessments for Hotel Expenses shall be levied against the Unit Owners during said period as provided in Section 6.10(a) of this Article, except that if the closing of the sale of the first Unit Ownership is not on January 1, monthly assessments for Hotel Expenses to be paid by Unit Owners shall be based upon the amount of the notification of Hotel Expenses and the number of months and days remaining in such calendar year.

(d) **Failure to Prepare Notification of Hotel Expenses.** The failure or delay of the Declarant to give notice to each Unit Owner of the annual Hotel Expenses shall not constitute a waiver or release in any manner of such Unit Owner's obligation to pay such Unit Owner's respective monthly assessment for Hotel Expenses, as herein provided, whenever the same shall be determined, and in the absence of the annual or adjusted notification of Hotel Expenses, the Unit Owner shall continue to pay monthly assessments for the Hotel Expenses at the then-existing monthly rate established for the previous period until the monthly assessment for Hotel Expenses, which is due more than ten (10) days after notice is given of such new annual Hotel Expenses.

(e) **Status of Collected Funds.** All funds collected under this Section 6.10 shall be held and expended for the purposes designated herein.

(f) **Declarant's Lien Rights.** In the event any Unit Owner fails to promptly pay or reimburse the Declarant or the Hotel Management Company, as the case may be, in accordance with this Section 6.10, the Declarant or the Hotel Management Company (as the case may be) shall impose a charge upon such Unit Owner in the maximum amount of any sums due from such Unit Owner, including the amount of any attorney's fees & costs incurred in enforcing the obligations contained herein, which sum shall be a lien upon the Unit Ownership of the defaulting Unit Owner, subject to the recordation of a notice of lien, and foreclosure of such lien by sale of the Unit Ownership under substantially the same procedure provided to the Association in NRS Chapter 116 for the foreclosure of liens for assessments; provided, however, that such lien shall be subordinate to the lien of a prior recorded first mortgage on the interest of such Unit Owner. Except as hereinafter provided, the lien provided for in this Section 6.10(f) shall not be affected by any transfer of title to the Unit Ownership. Where title to the Unit Ownership is transferred pursuant to a decree of foreclosure or by deed or assignment in lieu of foreclosure, such transfer of title shall, to the extent permitted by law, extinguish the lien

# **EXHIBIT E**

## **LIST OF STRUCTURAL AND UTILITY COMPONENTS**



## **GRAND SIERRA COMPONENT LIST**

1. Walls, Stucco, Paint Finishes and Repairs (Incl. Caulk)
2. Windows, (Phased Replacement) (Incl. Spandrel Panels)
3. Elevator Cab Finishes, Passenger
4. Fan Coil Units, (Phased Replacements)
5. Floor Coverings, Carpet, Hallways, (Phased Replacements)
6. Light Fixtures, Emergency and Exit
7. Paint Finishes, Hallways, Ceilings and Doors, Phased
8. Paint Finishes, Stairwells
9. Renovations, Units (excludes FF&E)
10. Wall Coverings, (Phased Replacements)
11. Roofs, Modified Bitumen
12. Air Handling Units, Capital Repairs
13. Boilers, 5,680-MBH, (Phased Replacement)
14. Boilers, Deaeration Tank and Boiler Feed System
15. Chillers, 1,500- to 1,900-Tons, (Phased Replacements)
16. Condensate Return Tanks and Pumps, East Wing Building Heat
17. Cooling Towers, 665 Tons, (Phased Replacement)
18. Elevators, Controls and Motors, Passenger
19. Elevators, Controls and Motors, Service
20. Exhaust Fans, Hallways, (Phased Replacement)
21. Exhaust Fan, Passenger Elevator Room
22. Exhaust Fan, Service Elevator Room
23. Fire Detection System
24. Generator, Emergency, Tower Only, 350-KW
25. Generators, Emergency, Entire Building (Serves Tower Fire Pumps), 1,000-KW
26. Heat Exchangers, Building Heat
27. Heat Exchangers, Domestic Water
28. Heat Exchangers, Lake Free-Cooling System
29. Pumps, Building Heat (North, South and West Wings), 7.5-HP, (Phased Replacements)
30. Pumps, Building Heat (East Wing), 30-HP, (Phased Replacements)
31. Pumps, Chilled Water, 100-HP, (Phased Replacements) (Incl. VFD Controls)
32. Pumps, Domestic Water, 20-HP, (Phased Replacements) (Incl. VFD Controls)
33. Pumps, Fire Suppression, Electric, 150-HP (Incl. Jockey Pumps, 10-HP)
34. Pump, Fire Suppression, Diesel, 230-HP
35. Pumps, Lake Free Cooling-System, 60-HP
36. Stairwell Pressurization Systems, (Phased Replacement)
37. Riser Sections, Building Heating and Cooling, (Partial Replacements)
38. Riser Sections, Domestic Water, (Partial Replacements)

## GRAND SIERRA COMPONENT LIST

Items not noted above due to long life:    Hallway light fixtures  
    Electrical  
    Fire suppression piping

Items not noted above due to listed on operating budget:    Service and Utility Area Finishes  
   Elevator Cab Finishes, Service  
   Elevators  
   Expansion Tanks  
   Stairwell Light Fixtures  
   Sprinkler Heads  
   Expenditures less than \$3,000  
   Pumps and Motors less than 5  
   Horsepower  
   Other expenditures typically funded  
   through the operating budget

# EXHIBIT 2

## Condo Capital Expense Analysis January 2017 thru June 2019

# EXHIBIT 2

## CONDO CAPITAL EXPENSE ANALYSIS January 2017 thru June 2019

GSR Downloaded from BNA (property fixed asset system) all capital expenditures for January 1, 2017 thru June 30, 2019. From that list, based on the notes from the Reserve Study from Better Reserve Consultants, we captured only capital expenditures that fell within the limits set by the Reserve Study to be funded by the Reserve Accounts.

<u>Description</u>	<u>Amount</u>
"Common Area" Capital Expenditures in 2017	\$ 445,220
"Common Area" Capital Expenditures in 2018	\$ 323,857
"Common Area" Capital Expenditures in 2019 (January 1 thru June 30)	\$ 229,183
<b>TOTAL "Common Area" Capital Expenditures</b>	<b>\$ 998,260</b>
"FF&E" Capital Expenditures in 2017	\$ -
"FF&E" Capital Expenditures in 2018	\$ -
"FF&E" Capital Expenditures in 2019 (January 1 thru June 30)	\$ -
<b>TOTAL "FF&amp;E" Capital Expenditures</b>	<b>\$ -</b>
"HOTEL UNIT" Capital Expenditures in 2017	\$ 5,919,009
"HOTEL UNIT" Capital Expenditures in 2018	\$ 904,703
"HOTEL UNIT" Capital Expenditures in 2019 (January 1 thru June 30)	\$ 208,729
<b>TOTAL "HOTEL UNIT" Capital Expenditures</b>	<b>\$ 7,032,441</b>
<b>TOTAL CAPITAL EXPENDITURES THAT COULD BE FUNDED BY RESERVES January 2017 thru June 2019: \$</b>	<b>8,030,701</b>

Grand Sierra Resort and Casino  
For the Period January 1, 2017 to December 31, 2017

<u>Asset ID</u>	<u>Description</u>	<u>Asset Type</u>	<u>Acquisition Date</u>	<u>Book Cost</u>
<b>"COMMON AREA" CAPITAL EXPENDITURES:</b>				
001174.671	NORTH ENTRANCE -ELECTRICAL ADDT'L	Building Improvements	1/1/2017	29,060
001174.727	NORTH ENTRANCE -FLOWERS ADDT'L	Furn., Fixtures & Equip.-New	1/1/2017	10,532
001336.671	SOUTH ENTRANCE: ELECTRICAL ADDTL	Building Improvements	1/1/2017	6,165
001583	WATER MAIN - EMPLOYEE PARKING LOT	Building Improvements	1/1/2017	80,768
001648	RING ROAD ADDTL 2	Land Improvements	1/1/2017	36,306
001654	ANTISPAM/EMAIL ARCHIVER	IT-Hardware	1/1/2017	25,240
001655	PARKING LOT LIGHTS	Building Improvements	1/1/2017	89,038
001582	SNOW EQUIPMENT	Furn., Fixtures & Equip.-New	2/1/2017	51,543
001652	TAPE DRIVES	IT-Hardware	2/1/2017	7,247
001584	Cisco Catalyst 2960x switches (3)	IT-Hardware	3/1/2017	12,350
001585	LED Panels - porte cacheres	Furn., Fixtures & Equip.-New	3/1/2017	277,348
001590	Surveillance Video Storage	Furn., Fixtures & Equip.-New	3/1/2017	22,136
001591	Surveillance Network	Furn., Fixtures & Equip.-New	3/1/2017	58,314
001660	SNOW EQUIPMENT ATTACHEMENTS	Furn., Fixtures & Equip.-New	4/1/2017	6,194
001777	MEZZANINE: FRAMING AND DRYWALL	Building Improvements	7/1/2017	155,390
001778	MEZZANINE: DOORS AND HARDWARE	Furn., Fixtures & Equip.-New	7/1/2017	126,489
001779	MEZZANINE: PAINT/PAPER	Building Improvements	7/1/2017	249,609
001780	MEZZANINE: GLAZING/SKYLIGHTS	Building Improvements	7/1/2017	1,481
001781	MEZZANINE: TILE/FLOORING	Building Improvements	7/1/2017	116,509
001782	MEZZANINE: CARPET	Building Improvements	7/1/2017	79,688
001783	MEZZANINE: ELECTRICAL	Building Improvements	7/1/2017	255,831
001784	MEZZANINE: MILLWORK	Building Improvements	7/1/2017	89,405
001785	MEZZANINE: FIRE ALARM	Building Improvements	7/1/2017	10,496
001786	MEZZANINE: FF&E	Furn., Fixtures & Equip.-New	7/1/2017	124,490
001787	MEZZANINE: SIGNAGE	Furn., Fixtures & Equip.-New	7/1/2017	18,192
001788	MEZZANINE: LIGHTING	Furn., Fixtures & Equip.-New	7/1/2017	358,061
001789	MEZZANINE: DRAPES	Furn., Fixtures & Equip.-New	7/1/2017	1,867
001790	MEZZANINE: HARD LID CEILING	Building Improvements	7/1/2017	60,284
001791	MEZZANINE: COOL SIGNS	Furn., Fixtures & Equip.-New	7/1/2017	14,872
001792	MEZZANINE: TVS FOR ROOMS	Furn., Fixtures & Equip.-New	7/1/2017	70,066
001793	MEZZANINE: A/V	Furn., Fixtures & Equip.-New	7/1/2017	150,039
001794	MEZZANINE: PHONES	IT-Hardware	7/1/2017	952
001736	NETWORK FIBER UPGRADE	IT-Hardware	8/1/2017	22,514
001737	DAS FOR CELL COVERAGE	IT-Hardware	8/1/2017	10,603
001738	DELL COMPUTERS (12) PCM	IT-Hardware	8/1/2017	10,145
001739	DELL COMPUTERS (11) CDW	IT-Hardware	8/1/2017	11,429
001740	MS WINDOWS SERVER LICENSES	IT-Software	8/1/2017	6,163
001743	Miscellaneous Roof Repairs	Building Improvements	8/1/2017	39,575
001745	BUILDING MANAGEMENT SYSTEM ADDT'L	Furn., Fixtures & Equip.-New	8/1/2017	5,818
001817	SECURITY KUBOTA	Furn., Fixtures & Equip.-New	9/1/2017	26,255
001841	2016 Dodge Grand Caravan	Vehicles-Used	9/1/2017	20,730
001801	DATA ROOM COOLING	Building Improvements	11/1/2017	62,778
001813	SURVEILLANCE NETWORK	Furn., Fixtures & Equip.-New	11/1/2017	12,799
001814	WINDSOR CLIPPER MACHINE	Furn., Fixtures & Equip.-New	11/1/2017	4,513
001816	SURVEILLANCE TVS AND PCS	Furn., Fixtures & Equip.-New	11/1/2017	8,345
001831	MONITORS	IT-Hardware	11/1/2017	5,983
001832	SOLIDFIRE SERVERS	IT-Hardware	11/1/2017	107,568
001843	Surveillance Cameras	Furn., Fixtures & Equip.-New	12/1/2017	5,962
001860	ANODES FOR CENTRAL PLANT TANKS	Furn., Fixtures & Equip.-New	12/1/2017	15,980
001865	MONITORS	IT-Hardware	12/1/2017	5,055
001866	ANTIVIRUS	IT-Software	12/1/2017	12,134
001885	ARTIFICIAL GRASS	Land Improvements	12/1/2017	238,265
TOTAL "COMMON AREA" CAPITAL EXPENDITURES:				3,228,575
ALLOCATION % BASED ON RESERVE STUDY				13.79%
CAPITAL ALLOCATION TO "COMMON AREAS"				445,220

**"HOTEL RELATED" CAPITAL EXPENDITURES:**

<u>Asset ID</u>	<u>Description</u>	<u>Asset Type</u>	<u>Acquisition Dat</u>	<u>Book Cost</u>
001657	LAUNDRY FOLDERS/ACCUMULATORS	Furn., Fixtures & Equip.-New	2/1/2017	199,065
001659	LAUNDRY CONVEYOR	Furn., Fixtures & Equip.-New	5/1/2017	16,383

**Grand Sierra Resort and Casino**  
**For the Period January 1, 2017 to December 31, 2017**

<u>Asset ID</u>	<u>Description</u>	<u>Asset Type</u>	<u>Acquisition Date</u>	<u>Book Cost</u>
001741	Laundry Folders	Furn., Fixtures & Equip.-New	8/1/2017	129,892
001746	THE POOL: FRAMING AND DRYWALL	Building Improvements	9/1/2017	584,041
001747	THE POOL: HVAC	Building Improvements	9/1/2017	126,171
001748	THE POOL: ELECTRICAL	Building Improvements	9/1/2017	2,468,302
001749	THE POOL: FIRE SPRINKLERS	Building Improvements	9/1/2017	65,930
001750	THE POOL: FIRE ALARM	Building Improvements	9/1/2017	30,054
001751	THE POOL: GRANITE	Building Improvements	9/1/2017	26,551
001752	THE POOL: DOORS AND HARDWARE	Furn., Fixtures & Equip.-New	9/1/2017	50,500
001753	THE POOL: MILLWORK	Furn., Fixtures & Equip.-New	9/1/2017	432,761
001754	THE POOL: FAUX PLANTS	Furn., Fixtures & Equip.-New	9/1/2017	32,586
001755	THE POOL: FF&E	Furn., Fixtures & Equip.-New	9/1/2017	1,971,847
001756	THE POOL: A/V	Furn., Fixtures & Equip.-New	9/1/2017	233,272
001757	THE POOL: BAR/RESTAURANT EQUIPMENT	Furn., Fixtures & Equip.-New	9/1/2017	522,795
001758	THE POOL: POS	IT-Hardware	9/1/2017	181,304
001759	THE POOL: SIGNAGE	Furn., Fixtures & Equip.-New	9/1/2017	60,978
001760	THE POOL: LIGHTING	Furn., Fixtures & Equip.-New	9/1/2017	229,142
001761	THE POOL: FRIDGE/SAFE	Furn., Fixtures & Equip.-New	9/1/2017	1,899
001762	THE POOL: SURVEILLANCE	Furn., Fixtures & Equip.-New	9/1/2017	40,320
001763	THE POOL: LAUNDRY BINS	Furn., Fixtures & Equip.-New	9/1/2017	3,799
001764	THE POOL: LIFE GUARD EQUIP/sports equip	Furn., Fixtures & Equip.-New	9/1/2017	7,927
001765	THE POOL: Big Chair	Furn., Fixtures & Equip.-New	9/1/2017	3,354
001766	THE POOL: SMALLWARES	Furn., Fixtures & Equip.-New	9/1/2017	28,330
001767	THE POOL: GLAZING/SKYLIGHTS	Land Improvements	9/1/2017	1,067,456
001768	THE POOL: CONCRETE	Land Improvements	9/1/2017	1,458,753
001769	THE POOL: STRUCTUAL STEEL	Land Improvements	9/1/2017	1,489,205
001770	THE POOL: TILE/FLOORING	Land Improvements	9/1/2017	806,581
001771	THE POOL: POOL	Land Improvements	9/1/2017	2,410,246
001772	THE POOL: PLUMBING	Land Improvements	9/1/2017	1,447,890
001773	THE POOL: WATER FEATURE	Land Improvements	9/1/2017	28,615
001774	THE POOL: LANDSCAPE	Land Improvements	9/1/2017	297,592
001775	THE POOL: MASONARY	Land Improvements	9/1/2017	751,811
001844	THE POOL: ROOFING	Building Improvements	9/1/2017	66,860
001845	THE POOL: PAINT/PAPER	Building Improvements	9/1/2017	28,108
001846	THE POOL: IRON WORK	Building Improvements	9/1/2017	11,586
001847	THE POOL: CURB/SIDEWALK	Land Improvements	9/1/2017	4,977
001856	GAS DRYERS	Furn., Fixtures & Equip.-New	12/1/2017	133,374
001857	WASHERS/EXTRACTORS	Furn., Fixtures & Equip.-New	12/1/2017	176,329
TOTAL "HOTEL RELATED" CAPITAL EXPENDITURES:				17,626,589
ALLOCATION % BASED ON RESERVE STUDY				33.58%
CAPITAL ALLOCATION TO "HOTEL UNIT"				5,919,009



Grand Sierra Resort and Casino  
For the Period January 1, 2018 to December 31, 2018

<u>Asset ID</u>	<u>Description</u>	<u>Asset Type</u>	<u>Acquisition Date</u>	<u>Book Cost</u>
<b>"COMMON AREA" CAPITAL EXPENDITURES:</b>				
002025	APPLE IPODS (25)	IT-Hardware	1/1/2018	5,117
002026	IP PHONES	IT-Hardware	1/1/2018	6,365
002037	MARQUEE - HIGHWAY	Land Improvements	1/1/2018	1,009,661
002028	MS SERVERS (20)	IT-Hardware	2/1/2018	99,380
002029	BACKUP SOLUTION	IT-Hardware	2/1/2018	66,984
002010	PARKING LOT LIGHTS	Land Improvements	3/1/2018	388,276
002027	MS OFFICE LICENSES (9)	IT-Software	4/1/2018	3,767
002030	BTO INS 15 7700HQ LAPTOP	IT-Hardware	4/1/2018	1,243
002031	BTO INS 15 7700HQ LAPTOP	IT-Hardware	4/1/2018	1,243
002032	BTO INS 15 7700HQ LAPTOP	IT-Hardware	4/1/2018	1,243
002033	BTO INS 15 7700HQ LAPTOP	IT-Hardware	4/1/2018	1,243
002034	BTO INS 15 7700HQ LAPTOP	IT-Hardware	4/1/2018	1,243
002035	16 MB PRO/2.8/16 GB/1TBFLASH/IRISPRO	IT-Hardware	4/1/2018	3,733
002036	16 MB PRO/2.8/16 GB/1TBFLASH/IRISPRO	IT-Hardware	4/1/2018	3,733
001999	CENTRAL PLANT ANODES	Building Improvements	5/1/2018	71,732
002000	BOILER DRAIN	Building Improvements	5/1/2018	8,955
002001	FAN ROOM #2	Furn., Fixtures & Equip.-New	5/1/2018	58,355
002008	TENNANT SCRUBBER T7	Furn., Fixtures & Equip.-New	5/1/2018	16,137
002009	WIDSOR CHARIOT 3 VACUUM	Furn., Fixtures & Equip.-New	5/1/2018	13,235
002013	SURVEILLANCE RECORDING EQUIPMENT	Furn., Fixtures & Equip.-New	5/1/2018	8,625
002038	PYLON - FIRESTATION	Land Improvements	5/1/2018	64,075
002078	Marketing Storage Solutions	IT-Hardware	7/1/2018	9,181
002093	PCs for new staff and broken units	IT-Hardware	8/1/2018	12,992
002095	Boiler Repairs	Furn., Fixtures & Equip.-New	8/1/2018	23,051
002128	IP Fixed Cameras	IT-Hardware	10/1/2018	17,149
002141	Shuttle Bus - 2013 Ram 5500	Vehicles-Used	10/1/2018	92,369
002142	T7 Tennant Scrubber	Furn., Fixtures & Equip.-New	11/1/2018	17,057
002143	Vacuum Windsor Chariot	Furn., Fixtures & Equip.-New	11/1/2018	14,062
002170	Carpet Extractor	Furn., Fixtures & Equip.-New	12/1/2018	16,783
002185	Ring Road Improvements	Land Improvements	12/1/2018	311,501
TOTAL "COMMON AREA" CAPITAL EXPENDITURES:				2,348,488
ALLOCATION % BASED ON RESERVE STUDY				13.79%
CAPITAL ALLOCATION TO "COMMON AREAS"				323,857

**"HOTEL RELATED" CAPITAL EXPENDITURES:**

<u>Asset ID</u>	<u>Description</u>	<u>Asset Type</u>	<u>Acquisition Date</u>	<u>Book Cost</u>
001953	THE POOL: FRAMING AND DRYWALL	Building Improvements	1/1/2018	11,057
001954	THE POOL: GLAZING/SKYLIGHTS	Land Improvements	1/1/2018	27,701
001955	THE POOL: CONCRETE	Land Improvements	1/1/2018	37,350
001956	THE POOL: STRUCTUAL STEEL	Land Improvements	1/1/2018	23,656
001957	THE POOL: TILE/FLOORING	Land Improvements	1/1/2018	40,598
001958	THE POOL: ELECTRICAL	Building Improvements	1/1/2018	712,121
001960	THE POOL: MILLWORK & FF&E	Furn., Fixtures & Equip.-New	1/1/2018	36,440
001962	THE POOL: LANDSCAPE & PLUMBING	Land Improvements	1/1/2018	343,572
001963	THE POOL: FIRE ALARM & SPRINKLERS	Building Improvements	1/1/2018	8,147
001964	THE POOL: A/V	Furn., Fixtures & Equip.-New	1/1/2018	17,446
001965	THE POOL: BAR/RESTAURANT EQUIPMENT	Furn., Fixtures & Equip.-New	1/1/2018	9,405
001966	THE POOL: SURVEILLANCE	Furn., Fixtures & Equip.-New	1/1/2018	10,000
002005	LAUNDRY COMPRESSOR	Furn., Fixtures & Equip.-New	5/1/2018	48,319
002006	LAUNDRY REMODEL	Building Improvements	5/1/2018	29,490
002092	Ipods for housekeeping	IT-Hardware	8/1/2018	11,817
002278	2017 Front Desk-PLANS	Building Improvements	12/1/2018	78,702
002279	2017 Front Desk-DEMOLITION	Building Improvements	12/1/2018	71,981
002280	2017 Front Desk-FRAMING AND DRYWALL	Building Improvements	12/1/2018	98,854
002281	2017 Front Desk-DOORS AND HARDWARE	Building Improvements	12/1/2018	2,100
002282	2017 Front Desk-HVAC	Building Improvements	12/1/2018	4,028
002283	2017 Front Desk-PAINT/PAPER	Building Improvements	12/1/2018	3,448
002284	2017 Front Desk-TILE/FLOORING	Building Improvements	12/1/2018	27,596
002285	2017 Front Desk-ELECTRICAL	Building Improvements	12/1/2018	81,307

Grand Sierra Resort and Casino  
For the Period January 1, 2018 to December 31, 2018

<u>Asset ID</u>	<u>Description</u>	<u>Asset Type</u>	<u>Acquisition Date</u>	<u>Book Cost</u>
002286	2017 Front Desk-MILLWORK	Building Improvements	12/1/2018	428,692
002287	2017 Front Desk-FIRE SPRINKLERS	Building Improvements	12/1/2018	900
002288	2017 Front Desk-GRANITE	Building Improvements	12/1/2018	216,282
002289	2017 Front Desk-FF&E	Furn., Fixtures & Equip.-New	12/1/2018	19,724
002290	2017 Front Desk-PROJECT MANAGEMENT	Building Improvements	12/1/2018	179,824
002291	2017 Front Desk-EQUIPMENT RENTAL	Building Improvements	12/1/2018	9,936
002292	2017 Front Desk-SIGNAGE	Furn., Fixtures & Equip.-New	12/1/2018	17,589
002293	2017 Front Desk-FABRIC/PAVING	Furn., Fixtures & Equip.-New	12/1/2018	14,853
002294	2017 Front Desk-LIGHTING	Furn., Fixtures & Equip.-New	12/1/2018	4,624
002295	2017 Front Desk-LABOR	Building Improvements	12/1/2018	66,267
002296	2017 Front Desk-STORAGE	Building Improvements	12/1/2018	346
TOTAL "HOTEL RELATED" CAPITAL EXPENDITURES:				2,694,172
ALLOCATION % BASED ON RESERVE STUDY				33.58%
CAPITAL ALLOCATION TO "HOTEL UNIT"				904,703



Grand Sierra Resort and Casino  
For the Period January 1, 2019 to June 30, 2019

<u>Asset ID</u>	<u>Description</u>	<u>Asset Type</u>	<u>Acquisition Date</u>	<u>Book Cost</u>
<b>"COMMON AREA" CAPITAL EXPENDITURES:</b>				
003081	Poster Frames & Stands	Furn., Fixtures & Equip.-New	1/1/2019	10,199
003082	SMS Upgrades	IT-Software	1/1/2019	11,039
003083	HP Blades for PBX Upgrade	IT-Hardware	1/1/2019	5,560
003149	VFD Fan Coils	Furn., Fixtures & Equip.-New	2/1/2019	31,618
002351	Landscaping	Land Improvements	3/1/2019	328,543
002355	Marquee	Land Improvements	3/1/2019	82,576
002356	Lobby Entrance	Building Improvements	3/1/2019	57,164
002357	Boiler Repairs	Building Improvements	4/1/2019	25,069
002358	Roof Repair over MKT	Building Improvements	4/1/2019	100,000
002363	Buffalo Terrastation	IT-Hardware	4/1/2019	7,601
003085	Disaster Recover Equipment	IT-Software	4/1/2019	9,438
002385	Barriers/Stanchion	Furn., Fixtures & Equip.-New	5/1/2019	9,626
002387	Surv. NVR Replacement	Furn., Fixtures & Equip.-New	5/1/2019	245,572
002390	Network Switches and Cables	IT-Hardware	5/1/2019	40,487
002391	Cellular Repeaters	IT-Hardware	5/1/2019	8,012
002392	Security Analysis Device	IT-Hardware	5/1/2019	52,868
003080	Patch Management	IT-Software	5/1/2019	15,143
003084	LMS Upgrades	IT-Software	5/1/2019	79,741
003146	Heated Air Curtain	Building Improvements	5/1/2019	6,907
003165	Porte Cochere Lighting	Building Improvements	5/1/2019	11,301
002411	Boiler 4 repairs, Central Plant	Building Improvements	6/1/2019	48,120
002412	Main UPS Repairs	Building Improvements	6/1/2019	11,038
002419	Camera remodel/replacement	IT-Hardware	6/1/2019	15,389
002420	Surveillance Upgrade	IT-Hardware	6/1/2019	4,058
002963	Casino Wlkwy Chandeliers - FRAMING AND DRYWALL	Building Improvements	6/1/2019	27,923
002964	Casino Wlkwy Chandeliers - ELECTRICAL	Building Improvements	6/1/2019	11,491
002965	Casino Wlkwy Chandeliers - LIGHTING	Furn., Fixtures & Equip.-New	6/1/2019	109,269
002966	Casino Wlkwy Chandeliers - LABOR	Building Improvements	6/1/2019	270,604
003087	Mac/Monitor for Graphic Designer	IT-Hardware	6/1/2019	6,638
003140	Computers for training/rack room	IT-Hardware	6/1/2019	18,957
TOTAL "COMMON AREA" CAPITAL EXPENDITURES:				1,661,950
ALLOCATION % BASED ON RESERVE STUDY				13.79%
CAPITAL ALLOCATION TO "COMMON AREAS"				229,183

**"HOTEL RELATED" CAPITAL EXPENDITURES:**

<u>Asset ID</u>	<u>Description</u>	<u>Asset Type</u>	<u>Acquisition Date</u>	<u>Book Cost</u>
003172	Bell Desk Door	Building Improvements	1/1/2019	5,522
002335	Remodel of VIP check in	Building Improvements	2/1/2019	69,968
002381	CAP Laundry Cons. Remodel	Building Improvements	5/1/2019	27,213
002384	Laundry Carts	Furn., Fixtures & Equip.-New	5/1/2019	9,491
002388	CAP Laundry Cons. Equipment	Furn., Fixtures & Equip.-New	5/1/2019	476,618
002416	Laundry Carts	Furn., Fixtures & Equip.-New	6/1/2019	3,047
003098	PBX Phone Upgrade	Furn., Fixtures & Equip.-New	6/1/2019	6,290
003121	New Fitness Center Equipment	Furn., Fixtures & Equip.-New	6/1/2019	23,438
TOTAL "HOTEL RELATED" CAPITAL EXPENDITURES:				621,588
ALLOCATION % BASED ON RESERVE STUDY				33.58%
CAPITAL ALLOCATION TO "HOTEL UNIT"				208,729

# EXHIBIT 3

Hearing Transcript dated October 30, 2019

# EXHIBIT 3

1 CODE: 4185  
PEGGY B. HOOGS, CCR #160  
2 Sunshine Litigation Services  
151 Country Estates Cr.  
3 Reno, Nevada 89511  
(775) 323-3411  
4 Court Reporter

5

6 SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA

7 IN AND FOR THE COUNTY OF WASHOE

8 THE HONORABLE ELLIOTT A. SATTler, DISTRICT JUDGE  
--oOo--

9

10 ALBERT THOMAS, individually; Case No. CV12-02222  
et al.,

11 Dept. No. 10

12 Plaintiffs,

13 vs.

14 MEI-GSR HOLDINGS, LLC, a Nevada  
Limited Liability Company,

15 Defendants.

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16

17

18 TRANSCRIPT OF PROCEEDINGS

19 HEARING ON MOTIONS

20 WEDNESDAY, OCTOBER 30, 2019

21

22

23 Job No.: 583765

24 Reported By: PEGGY B. HOOGS, CCR 160, RDR, CRR

1 Court's ruling, the Findings of Fact, Conclusions of Law,  
2 and Judgment, exercising its equitable authority was,  
3 okay, we're going to not try and have you disgorge those  
4 funds and put them back into the operating accounts, we  
5 don't know exactly how much it should have been, but  
6 Dr. Greene did identify -- I think it was in excess of  
7 \$8 million; correct?

8 MR. MILLER: Yes.

9 THE COURT: So it's just gone because the GSR  
10 has it, they're not disgorging it, but also the  
11 plaintiffs are not required to fund all these things. It  
12 was kind of like a clean start going forward, it cleaned  
13 the slate so to speak, and then moving forward the GSR  
14 had to fund the three accounts at \$500,000 apiece and  
15 then start complying with all of the operating documents.

16 And then of course, as we know, Mr. Proctor is  
17 then out. The GSR, based on the representations from the  
18 plaintiff, doesn't do anything that I had ordered because  
19 they felt it was no longer required based on the order  
20 granting dismissal. So, again, to use the gambling  
21 analogy, they gambled on the fact that the Supreme Court  
22 was going to affirm my order and they lost, and so now  
23 we're back to where we started from with the Court's  
24 order of October of 2015.

1 examined them and approved them. That's going to be a  
2 laborious process, Your Honor. It's one of the reasons  
3 why we objected to the discovery, because it is so  
4 incredibly broad and burdensome, and if they're allowed  
5 to interject themselves, a year from now we'll still be  
6 waiting for Mr. Teichner to adjust fees. And I think as  
7 Mr. Teichner would agree, these fees are low. They have  
8 not been adjusted for years. We are under water, and  
9 it's just one of the reasons we're losing money under  
10 this unit rental agreement system.

11 I would like Mr. Teichner to be able to go  
12 unfettered by plaintiffs interjecting that you can't do  
13 something until we've got all our discovery.

14 THE COURT: Okay. Regarding the May 22, 2019,  
15 file-stamped Defendants' Motion for Permission to Make  
16 Special Assessment and to Collect Deep Cleaning Fee, it  
17 is the order of the Court that based on the arguments of  
18 counsel and also based on the information provided to me  
19 by Mr. Teichner, that the request to make the special  
20 assessment is denied and that any of those special  
21 assessments or fees that had been provided by the  
22 plaintiffs to the defendants shall be disgorged.

23 The Court finds that based on the timing and  
24 when those issues arose regarding the need for the

1 special assessment, those were all contemplated by the  
2 Court's order entered on October 9th of 2015. So this is  
3 not some new issue. They are older issues based on the  
4 timing of the identified need for the special assessment.

5           Additionally, given the fact that the  
6 defendants failed to properly fund the reserve accounts  
7 and that those reserve accounts, arguably, could have  
8 been used to pay for the special assessments, the Court  
9 does not find that it's appropriate for the special  
10 assessments to have taken place, and therefore the Court  
11 does order that any of those funds that had been  
12 collected by the defendants from the plaintiffs shall be  
13 disgorged.

14           Regarding the request to collect the deep  
15 cleaning fee, the Court does find that Mr. Proctor's  
16 order was in place and remained in place until today  
17 because the Court resolved the issue today about the  
18 ability to collect the deep cleaning fee going forward.

19           So if Mr. Teichner concludes, after his  
20 analysis of all the relevant information including the  
21 controlling documents, that the deep cleaning fee is  
22 appropriate going forward, then he may make that decision  
23 and, as the receiver, order that that deep cleaning fee  
24 be collected from the plaintiffs.

1 STATE OF NEVADA )  
2 ) ss.  
3 COUNTY OF WASHOE )

4

5 I, PEGGY B. HOOGS, Certified Court Reporter in  
6 and for the State of Nevada, do hereby certify:

7 That the foregoing proceedings were taken by me  
8 at the time and place therein set forth; that the  
9 proceedings were recorded stenographically by me and  
10 thereafter transcribed via computer under my supervision;  
11 that the foregoing is a full, true and correct  
12 transcription of the proceedings to the best of my  
13 knowledge, skill and ability.

14 I further certify that I am not a relative nor  
15 an employee of any attorney or any of the parties, nor am  
16 I financially or otherwise interested in this action.

17 I declare under penalty of perjury under the  
18 laws of the State of Nevada that the foregoing statements  
19 are true and correct.

20 Dated this 6th day of November, 2019.

21

22 /s/ Peggy B. Hoogs

23 Peggy B. Hoogs, CCR #160, RDR

24

1 **CODE: 2645**

2 Jarrad C. Miller, Esq. (NV Bar No. 7093)  
3 Jonathan J. Tew, Esq. (NV Bar No. 11874)  
4 Robertson, Johnson, Miller & Williamson  
5 50 West Liberty Street, Suite 600  
6 Reno, Nevada 89501  
7 (775) 329-5600  
8 Attorneys for Plaintiffs

9 **SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**

10 **IN AND FOR THE COUNTY OF WASHOE**

11 ALBERT THOMAS, individually; *et al.*,

12 Plaintiffs,

13 vs.

Case No. CV12-02222

Dept. No. 10

14 MEI-GSR Holdings, LLC, a Nevada Limited  
15 Liability Company, GRAND SIERRA  
16 RESORT UNIT OWNERS' ASSOCIATION,  
17 a Nevada nonprofit corporation, GAGE  
18 VILLAGE COMMERCIAL  
19 DEVELOPMENT, LLC, a Nevada Limited  
20 Liability Company; AM-GSR HOLDINGS,  
21 LLC, a Nevada Limited Liability Company;  
22 and DOE DEFENDANTS 1 THROUGH 10,  
23 inclusive,

24 Defendants.

25 **OPPOSITION TO DEFENDANTS' MOTION FOR INSTRUCTIONS TO RECEIVER**

26 **REGARDING REIMBURSEMENT OF CAPITAL EXPENDITURES**

27 Plaintiffs Albert Thomas *et al.*, by and through their counsel of record, the law firm of  
Robertson, Johnson, Miller & Williamson, hereby file this Opposition to Defendants' Motion for  
Instructions to Receiver Regarding Reimbursement of Capital Expenditures ("Opposition").  
This Opposition is supported by the attached memorandum of points and authorities, the papers,  
pleadings and documents on file herein, and any oral argument this Court may choose to hear.

RESPECTFULLY SUBMITTED this 18<sup>th</sup> day of June, 2020.

ROBERTSON, JOHNSON,  
MILLER & WILLIAMSON

By: /s/ Jarrad C. Miller

Jarrad C. Miller, Esq.  
Jonathan Joel Tew, Esq.  
Attorneys for Plaintiff

OPPOSITION TO DEFENDANTS' MOTION FOR INSTRUCTIONS REGARDING REIMBURSEMENT



1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 Since this case has been remanded by the Nevada Supreme Court, the Defendants, who  
4 are still in default as a result of repeated discovery abuses and violations of this Court's orders,  
5 have filed numerous motions attempting to re-litigate the Court's prior rulings. Those motions  
6 have caused substantial delay and hundreds of thousands of dollars in wasted attorneys' fees and  
7 costs. Defendants seem to think that because they have retained new counsel, again, that they  
8 can waste the Court's and Plaintiffs' time and resources. Now the Defendants have taken this  
9 strategy to a new level. The instant Motion does nothing more than try to re-litigate Defendants'  
10 failed Motion for Instructions to Receiver Regarding Reserve Amounts dated June 21, 2019  
11 ("June 2019 Motion"), or issues that could have been raised at that time, which was ruled upon  
12 and denied by the Court at the hearing in October of 2019 ("October 30 Motions Hearing").

13 Further, the Defendants seek reimbursement for expenses incurred during a period of  
14 time when they were not following the mandates of the CC&Rs. Thus, since they were in breach  
15 of the CC&Rs at the time, it is unclear how they can now seek reimbursement and imposition of  
16 a special assessment. Indeed, the Defendants' Motion does not present a compelling contractual  
17 case or basis for their request of this Court, and should be denied on that basis as well.

18 Next, the Defendants do not provide any verification for their enormous  
19 reimbursement/special assessment request – just a six-page spreadsheet with no declarations,  
20 affidavits, or other financial support. As has been litigated extensively, the Defendants have  
21 systematically endeavored to cram as much overhead and hotel expenses onto the Plaintiffs as  
22 they can. As such, the Motion should have been substantially supported and the Plaintiffs  
23 provided with a method to verify and challenge the data.

24 Finally, the Defendants' request for reimbursement is premised on a flawed application  
25 of the CC&Rs – Defendants use the same unfair methodology the GSR provided to Mr. Teichner  
26 to triple the contracted hotel fees from 2010. Indeed, the Defendants seek reimbursement for  
27 fees and costs that do not even seem to be provided for in Sections 6.2 or 6.10 of the CC&Rs.  
28 As such, the Motion must be denied.

1           **II.     LEGAL ARGUMENT**

2                   **A. Defendants Have Already Sought An Offset for Capital Expenditures for**  
3                   **the Past Three Years and Lost on that Issue; They Should Not Be Asking**  
4                   **For It Again Now**

5           In their June 2019 Motion, the Defendants argued that that they made substantial  
6 renovations to the property, including the 670 Units of the Summit Tower, in the amount of  
7 approximately \$6,409,375.00. They asked the Court to instruct the Receiver to offset those  
8 capital expenditures from the “Capital Reserve,” which they stated was a “special reserve  
9 account” used for the repair, replacement and restoration of the major components of the  
10 Common Elements, citing to Section 6.2 of the CC&Rs. (June 19 Motion at 6:25-29.) The  
11 Defendants also cited to sections 6.9 and 6.10 as authorizing them to draw down the reserve  
12 accounts for the \$6,409,375.00 they sought from the reserve accounts. (*Id.* at 6:19-28; 7:26-27.)

13           Additionally, the Defendants’ June 2019 Motion sought an offset for an extra  
14 \$973,428.86 on “capital improvements” to the property *since 2017*. (*Id.* at 7:11-25.) The Court  
15 denied the Defendants’ Motion at the October 30, 2019 Motions hearing. Now, the Defendants –  
16 perhaps emboldened by Mr. Teichner’s decisions, and in violation of the CC&R provisions  
17 regarding what can be included in the reserve and fee expenses to the Condominium owners –  
18 come back to the Court roughly a year later to claim they spent over \$28 million improving the  
19 property *since 2017*. Further, *based upon the square footage model* – they claim **\$8 million**  
20 **dollars** should now be drawn out of the reserves under the Governing Documents (not  
21 \$973,428.86).

22           Clearly, if the Defendants thought it was appropriate to seek an offset or reimbursement  
23 for the more than **\$8 million dollars** they request now, they should have complied with the  
24 CC&Rs and they should have requested it in their June 2019 Motion and at the October 2019  
25 Motions Hearing. Because they did not, their request is waived.

26           Indeed, in their June 2019 Motion, the Defendants “submit[ted] that the determination  
27 regarding the requested offset *be made now* in relation to the funding of the reserve accounts for  
28 *the past three years.*” (June 2019 Motion at 7:8-10 (emphasis supplied).) Thus, they clearly

1 should have raised any arguments they had for \$8 million dollars then. See Mill-Spex, Inc. v.  
2 Pyramid Precast Corp., 101 Nev. 820, 822, 710 P.2d 1387, 1388 (1985) (“A waiver is the  
3 intentional relinquishment of a known right. A waiver may be implied from conduct which  
4 evidences an intention to waive a right, or by conduct which is inconsistent with any other  
5 intention than to waive the right.”); Nevada Yellow Cab Corp. v. Eighth Judicial Dist. Court ex  
6 rel. Cty. of Clark, 123 Nev. 44, 49, 152 P.3d 737, 740 (2007) (noting that waiver is the  
7 relinquishment of a known right and that “the waiver of a right may be inferred when a party  
8 engages in conduct so inconsistent with an intent to enforce the right as to induce a reasonable  
9 belief that the right has been relinquished.”); U.S. Bank Nat’l Ass’n v. Ou, No.  
10 217CV01354APGEJY, 2020 WL 109810, at \*3 (D. Nev. Jan. 9, 2020) (“Under Nevada law  
11 ‘[w]aiver requires the intentional relinquishment of a known right.’ To infer intent from a  
12 party’s conduct, that conduct ‘must clearly indicate the party's intention.’ And to infer waiver  
13 from conduct, the conduct must be ‘so inconsistent with an intent to enforce the right as to  
14 induce a reasonable belief that the right has been relinquished.’”) (internal citations omitted).)

15 When the Defendants requested a determination “now” that they were entitled to credit  
16 for the “capital expenditures” they made for the past three (3) years in their June 2019 Motion,  
17 citing to CC&Rs Sections 6.2, 6.9, and 6.10, they clearly knew what they were asking for. They  
18 also clearly knew how much money they had spent on capital expenditures in total. It was not  
19 like the additional **\$8,030,701** they now ask for suddenly snuck up and bit them from behind. In  
20 June 2019, they sought credit for the three years of capital expenditures dating from January  
21 2017 they felt were appropriate, lost on the issue, and have therefore waived any right to now  
22 seek additional amounts.

23 Further, since they asked the Court to rule on that issue and lost, it is not now  
24 procedurally appropriate to try to revisit the issue with an astronomically increased  
25 reimbursement / special assessment request. WDCR 12(8) provides: “[a] party seeking  
26 reconsideration of a ruling of the court, other than an order which may be addressed by motion  
27 pursuant to NRCP 50(b), 52(b), 59 or 60, must file a motion for such relief within 10 days after  
28 service of written notice of entry of the order or judgment, unless the time is shortened or

1 enlarged by order.” Thus, unless a party is challenging an order under NRCP 50(b), 52(b), 59, or  
2 60, WDCR 12(8) imposes a 10-day deadline if a party seeks to change an order of the Court.  
3 Further, WDCR 12(8) requires a party seeking reconsideration to request leave of court under  
4 DCR 13(7); accord Center Capital Corp. v. Eagle Jet Aviation, Inc., No. 2:09-CV-1367-RLH-  
5 PAL, 2010 WL 2541724, at \*1 (D. Nev. June 17, 2010) (“Motions for reconsideration are not the  
6 proper vehicles for rehashing old arguments, and are not intended to give an unhappy litigant one  
7 additional chance to sway the judge.”) (internal quotations and citations omitted). Nor, is it an  
8 opportunity to raise new arguments that were available, but not raised previously. See  
9 Chowdhry v. NLVH, Inc., 111 Nev. 560, 562, 893 P.2d 385, 387 (1995) (“*[P]oints or*  
10 *contentions not raised, or passed over in silence on the original hearing, cannot be maintained*  
11 *or considered on petition for rehearing.*”) (citations omitted) (emphasis supplied)). The  
12 Defendants have failed to comply with these rules and authorities.

13 Accordingly, the Court should deny the Defendants’ Motion as waived, previously  
14 decided and an untimely request for reconsideration. This case needs to come to a conclusion.  
15 Depleting the now funded reserves and demanding a special assessment – on top of the  
16 astronomical and flawed Teichner calculations – will only bring about financial ruin for the  
17 Plaintiffs and the accomplishment of the GSR’s established goal as established by the sanctions  
18 orders and prove-up hearing: to drive the Plaintiffs out of their rooms, purchase them at  
19 depressed values, and make the hotel “whole” again.

20 **B. The Defendants Cannot Seek a Special Assessment Because They Were in**  
21 **Breach and Default Under the CC&Rs During the Applicable Periods for**  
22 **Which they Seek Capital Reimbursement**

23 Part of the Plaintiffs’ argument that the Defendants could not perform a bad faith  
24 termination of the Unit Rental Agreement now, while in default and in legal breach of the  
25 Governing Documents, was that “[a] party cannot insist on performance of a contract that it has  
26 materially breached.” See Pure, Ltd. v. Nat’l Beverage Corp., 5 F.3d 539 (9th Cir. 1993) (“It is  
27 basic contract law that a party cannot insist on performance of a contract that it has materially  
28

1 breached.”); see also 17A Am. Jur. 2d Contracts § 589 (“a party is barred from enforcing a  
2 contract that it has materially breached”).

3 For this same reason, Defendants cannot seek reimbursement for periods of time in which  
4 they were in plain violation of the CC&Rs.

5 Indeed, while the Defendants ask the Court to direct the Receiver to give them  
6 \$8,030,701.00 as reimbursement for “substantial upgrades and improvements to the GSR  
7 property” *over the last three (3) years*, during that time, the Defendants were not: (1) operating  
8 as required under the CC&Rs and NRS Chapter 116; (2) preparing the required budgets; (3)  
9 providing the proper notices to the unit owners; (3) collecting and funding the reserve accounts;  
10 or (4) following numerous other requirements contained in the CC&Rs and NRS Chapter 116.  
11 Instead, during that time, the Defendants were simply assessing fees to Plaintiffs and other third-  
12 party unit owners, taking the money, not funding the reserves, and not accounting for the funds.  
13 As such, the Defendants *cannot now* seek reimbursement under the contracts when they are in  
14 default simply because the Court recently forced them to fund the reserves.

15 It is truly ironic that the Defendants routinely state that the contracts must be followed –  
16 yet when they do not follow them, everything is fine and their relief is justified.

17 Along the same lines, the Defendants cannot selectively seek to enforce the CC&Rs –  
18 picking and choosing what terms they want to follow. See God’s Battalion of Prayer Pentecostal  
19 Church, Inc. v. Miele Assocs., LLP, 6 N.Y.3d 371, 374, 845 N.E.2d 1265, 1267 (2006) (noting  
20 that one “may not pick and choose which provisions suit its purposes, disclaiming part of a  
21 contract while alleging breach of the rest. A contract ““should be read to give effect to all its  
22 provisions””) (citing *Mastrobuono v. Shearson Lehman Hutton, Inc.*, 514 U.S. 52, 63 (1995));  
23 *see, e.g., Yonkers Contracting Co. v. Port Auth. Trans-Hudson Corp.*, 208 A.D.2d 63, 68, 621  
24 N.Y.S.2d 642, 645 (1995) (“a dissatisfied party [may not] ‘[] pick and choose among the  
25 provisions of its contract in this fashion””) (internal citations omitted).); see also Citisteel USA,  
26 Inc. v. Gen. Elec. Co., 78 F. App’x 832, 837 (3d Cir. 2003) (“Courts must strive to give effect to  
27 all provisions of a contract and not render any provision meaningless.”); Dickinson Med. Grp.,  
28 P.A. v. Foote, No. 84C-JL-22, 1987 WL 8665, at \*2 (Del. Super. Ct. Mar. 24, 1987) (“The Court

1 must give effect to all provisions of an agreement which are not contrary to law.”) *Simply*  
2 *because the Court forced the Defendants after remand to fund the reserves does not*  
3 *retroactively create any possibility by which the Defendants could go back in time and follow*  
4 *the contractually-required procedural process for drawing on reserves, seeking reimbursement*  
5 *(if there is even such a right in the CC&Rs), or asking for a special assessment.*

6 Had the Defendants not already lost on the issue and waived any right they could claim to  
7 reimbursement, they should have followed the CC&Rs and the procedures they call for if they  
8 wanted to make the instant request. Instead, they completely ignored the CC&Rs and now  
9 request reimbursement based upon some generalized claim to a right of reimbursement that is not  
10 delineated in the CC&R sections the Defendants cite to in their Motion.<sup>1</sup> Indeed, why do the  
11 Defendants seek reimbursement now and a procedurally unauthorized special assessment?  
12 Undoubtedly, as another avenue to crush the Plaintiffs’ financially.<sup>2</sup>

13 **C. The Defendants’ Motion Does Not Demonstrate that They Followed the**  
14 **CC&R Procedures to Authorize a Contract-Based Request for**  
15 **Reimbursement and Imposition of a Special Assessment**

16 The Defendants generally cite to certain Sections of the CC&Rs, and in particular Section  
17 6.2 and 6.10(b), which can authorize special assessments in certain situations. Yet, they ignore  
18 the operative words of the contract terms which make plain that the Defendants cannot seek  
19

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21 <sup>1</sup> Since the Defendants do not seek reimbursement or a special assessment on equitable grounds, they cannot now  
22 raise that issue in their reply brief. Regardless, the Defendants cannot request equitable relief from this Court since  
23 they did not come to the Court with clean hands regarding the CC&Rs (due to their complete abandonment of them  
24 and the Court’s orders after the Dismissal). See, e.g., Truck Ins. Exch. v. Palmer J. Swanson, Inc., 124 Nev. 629,  
637, 189 P.3d 656, 662 (2008) (“The doctrine of unclean hands ‘derives from the equitable maxim that ‘he who  
comes into equity must come with clean hands.’”) (citations omitted).

25 <sup>2</sup> What would any reasonable, objective person believe would happen to the Plaintiffs and the Plaintiffs’ units if the  
26 Defendants impose a belated special assessment for the past three years *in combination with* the Defendants’ other  
27 two tactical maneuvers: (1) astronomically increasing the hotel and reserve fees (which they provided to Mr.  
28 Teichner); (2) and attempting to terminate the Unit Rental Agreement (if somehow granted by this Court)? How the  
Defendants are attempting to operate the legal machinery and receivership in this action is appalling, yet consistent  
with what they have done since 2011. Notably, while their counsel has changed, and Plaintiffs are in no way  
disparaging their current counsel, *their leadership and control group (the Meruelo Group) have not changed since*  
*the initial unethical and fraudulent conduct began in this case.*

1 reimbursement or a special assessment under these conditions. Accordingly, for this entirely  
2 separate reason, the Defendants' Motion must be denied as well.

3 i. Defendants Cannot Seek Reimbursement or a Special Assessment  
4 under Section 6.2 of the CC&Rs

5 The Defendants state that "[t]he Capital Reserve is a special reserve account 'used solely  
6 for the repair and restoration of the major components of the Common Elements.'" (Motion at  
7 2:19-20.) The Defendants further state that the Common Elements "include all portions of the  
8 property other than the units." (Motion at fn. 1.) Yet, they ignore the portion of the definition of  
9 "Common Elements" that states that it does not include the Shared Facilities Unit and that "the  
10 Condominium has been established in such a manner as to "minimize Common Elements."  
11 Thus, the Defendants appear to be continuing their modus operandi of pushing whatever Resort  
12 expenses they can onto the Plaintiffs despite that the Plaintiffs do not share in that revenue.

13 Indeed, Section 3.1, which further defines Common Elements, states at the outset a  
14 second time that "[t]he Condominium has been established in such a manner as to minimize  
15 Common Elements," and that the "Common Elements shall consist of the space contained within  
16 the passenger elevator shafts and cars exclusively servicing the Condominium Property, and a  
17 portion of the space contained within the hallways of the Condominium Property, as described  
18 on Exhibit A." How the Defendants view the Common Elements as "all portions of the property  
19 other than the Units" defies explanation. Nevertheless, the Defendants appear to state they spent  
20 \$7,239,013 relating to Section 6.2 of which \$998,260 is allocated to reserves. These amounts  
21 appear unjustified in light of the limited scope of the definition of Common Elements and should  
22 be denied.

23 More importantly, however, even if those claimed expenses were real and properly  
24 allocated to Section 6.2, the Defendants just block quote the Section and allege their right to  
25 reimbursement and a special assessment while ignoring all the other language contained therein  
26 and in other pertinent sections of Section 6.2. For example, Section 6.2 requires the Board to  
27 determine an "appropriate level of Capital Reserve based on a periodic review of the reserve  
28 study required by the Act," to have a budget that "disclose[s] the percentage of the annual



1 assessment to be added to the Capital Reserve,” to make only “necessary” repairs, replacement  
2 and restoration of the major components of the Common Elements “necessary for the year  
3 charged against the Capital Reserve,” to prepare a “supplemental budget if the estimated  
4 “Common Expenses contained in the budget prove inadequate,” serve copies of the supplemental  
5 budget to each Unit owner, and “thereupon” make a special assessment for each unit owner’s  
6 proportionate share of the supplemental budget. (*Id.*) The Defendants have not demonstrated  
7 that they performed any of those requirements in 2017, 2018, or 2019. The Defendants also do  
8 not present any evidence in their Motion that they prepared an Annual Budget as required by  
9 Section 6.1, to justify any overage for a “Common Expense” of the Association, or that they  
10 complied with Section 6.3’s Initial Budget Requirements. Since the Defendants’ Motion does  
11 not provide any support for reimbursement or a special assessment under Section 6.2, it must be  
12 denied. The Defendants did not follow the contracts.

13 ii. Defendants Cannot Seek Reimbursement or a Special Assessment  
14 under Section 6.10(b) of the CC&Rs

15 The same holds true for the \$7,032,441 the Defendants purportedly seek reimbursement  
16 for (and a subsequent special assessment on) under Section 6.10(b). The Defendants block quote  
17 Section 6.10(b), yet do not show that they followed the procedural requirements under the  
18 Section to impose such a special assessment. Nor do they explain where the reimbursement right  
19 comes from in Section 6.10(b).

20 Indeed, Section 6.10(a) requires preparation of an annual estimate in a certain fashion and  
21 provides for how net shortages or overages are treated. Defendants’ Motion does not address  
22 how they followed this process in 2017, 2018, and 2019. Section 6.10(b) requires “supplemental  
23 notification” of deficiencies to unit owners and a special assessment for the remainder of that  
24 budgeted year. Defendants’ Motion makes no effort to explain how they followed that process in  
25 2017, 2018, and 2019. Since the Defendants’ Motion does not provide any support for  
26 reimbursement or a special assessment under Section 6.10(b), it must be denied. The Defendants  
27 did not follow the contracts.

1 Indeed, Defendants' failure to comply with the CC&Rs and bad faith actions have  
2 prohibited the very action they ask this Court to impose on Plaintiffs. This is yet another  
3 problem of the Defendants' own creation and disregard for anything – including the laws and the  
4 Governing Documents – unless they benefit the Defendants.

5 Further, Defendants do not explain how their incredible \$7,032,441 reimbursement  
6 request (and subsequent special assessment) falls within Exhibit E – which describes the Hotel  
7 Expenses that are to be allocated under Section 6.10(b). For example, Defendants appear to seek  
8 \$5,519,009 in reimbursement for “HOTEL UNIT” Capital Expenditures in 2017 alone (despite  
9 that “HOTEL UNIT” Capital Expenditures is not a defined term in the CC&Rs) under Section  
10 6.10(b). All of these expenses are for “THE POOL” and include Bar/Restaurant Equipment,  
11 FAUX Plants, Skylights, Concrete, Structural Steel, a general category *simply described as*  
12 “THE POOL: POOL” (for \$2,410,246), Surveillance, etc. (See Ex. 2 to Motion.)

13 Section 6.10(b) clearly delineates the expenses subject to that Section in Exhibit E, which  
14 the Defendants attach. Exhibit E, without citing every category, includes such things as walls,  
15 paint, elevator cab finishes, paint finishes, light fixtures for emergency exits, exhaust fans,  
16 pumps, etc. None of these expenses appear to reflect the above “THE POOL” expenses (or sub-  
17 expense entitled “THE POOL: POOL”) or a “HOTEL UNIT Capital Expenditure.” As such, the  
18 Defendants' requested reimbursement, even if it could be allowed, is outside the scope of Section  
19 6.10(b). Certainly, the Defendants' Motion has not met its burden of showing the reimbursement  
20 and special assessment they ask the Court to impose. Nor has the Defendants' Motion given  
21 Plaintiffs proper notice of the justifications, factually and legally, for their request.<sup>3</sup>

22 **D. The Defendants' Financial Request is Unverified and Unsupported**

23 As another matter, the Defendants simply attach a spreadsheet and ask the Court to give  
24 the Receiver the instruction to pay **\$8,030,701** out of the reserves to the Defendants, and then  
25 impose an equal special assessment – which as noted above, would financially crush the  
26

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27 <sup>3</sup> Indeed, a look at the original estimated Operating Budget prepared for the calendar year 2006 for Hotel Unit  
28 includes certain expenses – but excludes the Pool. Under Pool/Fountain is a “-” meaning zero cost. (See Exhibit 7  
to Plaintiffs' February 28, 2020 Reply in Support of Motion for Instructions to Receiver.)

1 Plaintiffs. There are no declarations or affidavits attesting to the accuracy of the purported  
2 expenses from 2017 to 2019. The Plaintiffs have not been provided with the general ledger or  
3 other detailed, financial supporting documents by which they could assess the veracity of  
4 Defendants' purported request in their Opposition. In light of the circumstances of this case, if  
5 the Defendants want the Court to authorize such a large reimbursement request and subsequent  
6 special assessment, it would only seem fair to and consistent with Plaintiffs' claim for an  
7 accounting that they: (1) provide that support for the Plaintiffs to have their expert review; and  
8 (2) provide the Court with verified information to support such an astronomical disbursement /  
9 assessment. Six pages of general spreadsheets is not sufficient.

10 **E. Defendants' Request Would Constitute a Further Breach of the Implied**  
11 **Covenant of Good Faith and Fair Dealing**

12 Finally, the Defendants' request would constitute yet another breach of the implied  
13 covenant of good faith and fair dealing. Now that the Defendants have had to fund the reserves  
14 due to their malfeasance, after their excessive square footage model hotel and reserve fees –  
15 triple those of 2010 – have been imposed on Plaintiffs in early 2020, and after they have  
16 requested the termination of the Unit Rental Agreement, they want reimbursement and a  
17 punishing special assessment levied against the Plaintiffs. Neither the Court nor the current  
18 Receiver should even consider condoning such a request.

19 The Defendants, after the Dismissal, could have easily followed the proper CC&R  
20 procedures, kept Plaintiff condo unit owners aware of the legitimate operations under the  
21 CC&Rs, and done things on the up-and-up. That is not the Defendants' way. To *now*, of all  
22 times, seek this "relief" for their own misconduct demonstrates the Defendants have not  
23 changed. Their leadership and control group is still the same. They are still acting in bad faith –  
24 regardless of what Defendants' new counsel repeatedly claims.

25 Finally, in light of Mr. Teichner's admitted procedure to allow the Defendants to perform  
26 all the calculations and include expenses as the GSR has determined to be appropriate, it would  
27 be patently improper to simply defer this decision to the Receiver. On a going forward basis, the  
28 CC&Rs should be followed and expenses should be drawn as procedurally required. All

1 required notices should be given as required, and all overages should be addressed as required  
2 under the CC&Rs. The Defendants provide no authority or case law to justify their instant  
3 request and cannot seek to fix this in their Reply. Avery v. Barsky, No. 3:12-CV-00652-MMD,  
4 2013 WL 1663612, at \*2 (D. Nev. Apr. 17, 2013) (“[I]t is improper for a party to raise a new  
5 argument in a reply brief.”) (citations omitted).)

### 6 **III. CONCLUSION**

7 The Defendants’ Motion should be summarily denied. The Defendants already asked for  
8 capital expenditure reimbursement in June of 2019 for the past 3 years and it was denied. At that  
9 time, the Defendants were obviously aware of any expenses they had incurred, and yet only now  
10 seek to spring an \$8 million reimbursement request on the reserves and subsequent special  
11 assessment that would further financially devastate the Plaintiffs.

12 If the Receiver were truly neutral and focusing on his duty to preserve the Plaintiffs’  
13 property as required under NRS 32.010(1) and this Court’s order appointing receiver, one would  
14 expect he would have denied it out of hand rather than tell the Defendants to get permission from  
15 the Court. Regardless, the Defendants’ request is completely unjustified under Nevada law and  
16 the CC&Rs, and must be denied.

### 17 **AFFIRMATION**

18 Pursuant to NRS 239B.030, the undersigned does hereby affirm that this document does  
19 not contain the social security number of any person.

20 RESPECTFULLY SUBMITTED this 18<sup>th</sup> day of June, 2020.

21 ROBERTSON, JOHNSON,  
22 MILLER & WILLIAMSON

23 By: /s/ Jarrad C. Miller  
24 Jarrad C. Miller, Esq.  
25 Jonathan J. Tew, Esq.  
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10 *Attorneys for Defendant(s)*

11  
12 **IN THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**  
13 **IN AND FOR THE COUNTY OF WASHOE**

14 ALBERT THOMAS, et. al.,

15 Plaintiff(s),

16 v.

17 MEI-GSR HOLDINGS, LLC., a Nevada  
18 Limited Liability Company, AM-GSR  
19 Holdings, LLC., a Nevada Limited Liability  
20 Company, GRAND SIERRA RESORT UNIT  
21 OWNERS' ASSOCIATION, a Nevada  
22 Nonprofit Corporation, GAGE VILLAGE  
23 COMMERCIAL DEVELOPMENT, LLC., a  
24 Nevada Limited Liability Company, and DOES  
25 I-X inclusive,

26 Defendant(s).

Case No. CV12-02222

Dept. No.: 10

**DEFENDANTS' REPLY IN SUPPORT  
OF MOTION FOR  
INSTRUCTIONS TO RECEIVER  
REGARDING REIMBURSEMENT OF  
CAPITAL EXPENDITURES**

27 Defendants MEI-GSR HOLDINGS, LLC ("MEI-GSR"), AM-GSR Holdings, LLC,  
28 GRAND SIERRA RESORT UNIT OWNERS' ASSOCIATION, and GAGE VILLAGE  
COMMERCIAL DEVELOPMENT, LLC (collectively "Defendants") by and through their counsel  
at the law firm of Lewis Roca Rothgerber Christie LLP, hereby files the following Reply in Support  
of Motion for Instructions to Receiver Regarding Reimbursement of Capital Expenditures. This  
Reply is supported by the following memorandum of points and authorities, the papers and pleadings  
on file herein, and any oral argument the Court will entertain.

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**MEMORANDUM OF POINTS AND AUTHORITIES**

**I. INTRODUCTION**

Plaintiffs do not dispute Defendants have made substantial upgrades and improvements to the GSR property (“Property”) over the last three years. These expenditures have cost Defendants more than \$28 million, which Plaintiffs have directly benefited from in the rental of their Units. Plaintiffs seek to deny Defendants reimbursement of the capital allocation of those expenditures, relying upon unfounded arguments in the process. Despite Plaintiffs’ claims to the contrary, there has been no finding that Defendants have been in breach or default of the CC&Rs from January 1, 2017 through June 30, 2019 and there is no evidence to show that Defendants waived a request for reimbursement under the CC&Rs. Plaintiffs have failed to cite to any law or facts demonstrating that Defendants cannot be reimbursed for capital expenditures out of the reserve funds.

Accordingly, the allocated amount of \$8,030,701 should be charged against the reserve accounts and a special assessment should issue to all Unit Owners to ensure maintenance of the appropriate level of reserves as required under a soon-to-be conducted Reserve Study. Defendants request that the Court issue instructions to the Receiver to permit the same.

**II. LEGAL ARGUMENT**

**A. Defendants Have Not Waived Their Request for a Reimbursement**

Plaintiffs argue that Defendants waived any ability to request a reimbursement based upon their June 21, 2019 Motion for Instructions to Receiver Regarding Reserve Amounts. Opp’n at pp. 2-3. In that motion, Defendants sought an offset to the reserves based upon capital expenditures they made from 2011 through 2016. Defendants also included a request for a portion of the capital expenditures they made after 2016 that was largely attributed to improvements to the Units. The fact that Defendants have now separately moved the Court for instructions regarding capital expenditures made to the rest of the Property from January 1, 2017 through June 30, 2019 does not indicate Defendants have waived the instant request.

“Waiver requires the intentional relinquishment of a known right.” *Nev. Yellow Cab Corp. v. Eighth Judicial Dist. Court ex rel. Cnty. of Clark*, 123 Nev. 44, 49, 152 P.3d 737, 740 (2007). “If intent is to be inferred from conduct, the conduct must clearly indicate the party’s intention.” *Id.*



1 While waiver may be inferred when a party engages in conduct so inconsistent with an intent to  
2 enforce the right as to induce a reasonable belief that the right has been relinquished... delay alone  
3 is insufficient to establish a waiver.” *Id. See Mackintosh v. Cal. Fed. Sav. & Loan Ass'n*, 113 Nev.  
4 393, 935 P.2d 1154, 1161 (1997) (holding substantial evidence supported the trial court’s conclusion  
5 that an eighteen month delay in attempting to rescind a contract did not constitute waiver).

6 Here, Defendants have not waived a request for reimbursement. There is no evidence that  
7 Defendants intentionally or expressly relinquished the right to request instructions to the receiver  
8 for reimbursement of capital expenditures (if that can even be considered a legal right). *See*  
9 *McKeeman v. Gen. Am. Life Ins. Co.*, 111 Nev. 1042, 1048, 899 P.2d 1124, 1128 (1995) (Waiver  
10 requires “an existing right, a knowledge of its existence, and an actual intention to relinquish it, or  
11 conduct so inconsistent with the intent to enforce the right as to induce a reasonable belief that it  
12 has been relinquished.”) Moreover, Defendants’ conduct in filing their June 21, 2019 Motion for  
13 Instructions did not clearly evidence an intent to waive any additional requests. Importantly, the  
14 discussion in that motion concerning expenditures after 2017 spans less than a page and clearly  
15 identifies a limited number of expenditures that are excluded from the current request. *See* Mot. for  
16 Instructions to Receiver Regarding Reserve Amounts at p. 7. No argument was raised nor did the  
17 Court make any statements or rulings suggesting all further requests for an offset or reimbursement  
18 were prohibited.

19 Further, to the extent Plaintiffs’ waiver claim is based upon any alleged delay in Defendants  
20 bringing this Motion, binding authority demonstrates that delay alone is insufficient to establish  
21 waiver. *Nev. Yellow Cab Corp.*, 123 Nev. at 49, 152 P.3d at 740. This is further reinforced by the  
22 “No Waivers” provision found in Section 13.5 of the CC&Rs:

23 **No Waivers.** No covenants, restrictions, conditions, obligations or provisions  
24 contained in this Declaration shall be deemed to have been abrogated or waived by  
25 reason of any failure to enforce the same, irrespective of the number of violations  
or breaches which may occur.

26 Therefore, Plaintiffs’ argument is precluded by the express language of the CC&Rs.

27 Lastly, Plaintiffs’ strained attempt to construe the Motion as an untimely motion for  
28 reconsideration is baseless. Defendants are not seeking reconsideration. The current expenditures

1 were *never* presented to the Court and therefore, cannot be considered part of a motion for  
2 reconsideration. As set forth in the Motion, the previously requested \$973,428.86 is “separate from,  
3 and not included in, the \$28 million total expenditure or the \$8 million allocated figure set forth” in  
4 this Motion. *See* Mot. at p. 6 n.3.

5 **B. There Has Been No Finding of Breach or Bad Faith**

6 Plaintiffs allege Defendants were in material breach of the CC&Rs during the time periods  
7 covering the reimbursement request and therefore cannot now seek reimbursement. Opp’n pp. 4-6.  
8 Specifically, they generically and conclusorily allege Defendants have not “operat[ed] as required  
9 under the CC&Rs and NRS Chapter 116,” have not provided “proper notices,” have not prepared  
10 the “required budgets,” have not collected and funded the reserves accounts, and have not “followed  
11 numerous other requirements contained in the CC&Rs and NRS Chapter 116.” *Id.* at p. 5:7-10.  
12 Plaintiffs’ vague assertions are unsupported. Critically, there have been no findings by the Court  
13 that Defendants materially breached the CC&Rs during the period covering this request. The FFCLJ  
14 does not address this timeframe. Nevertheless, during the period in question, all required notices  
15 and budgets were prepared. Reserve studies were conducted to determine the appropriate level of  
16 reserves and budgets were prepared annually and sent to all Unit Owners.

17 Moreover, the fact that Defendants have recently been required to fund to the reserve  
18 accounts or that there was a delay in funding those particular accounts does not indicate Defendants  
19 have materially breached the CC&Rs. The Nevada Supreme Court has held that “a fundamental  
20 principle of contract law is that the time for performance under a contract is not considered of the  
21 essence unless the contract expressly so provides or the circumstances of the contract so imply.”  
22 *Mayfield v. Koroghli*, 124 Nev. 343, 349, 184 P.3d 362, 366 (2008). When time is not of the essence,  
23 “the parties generally must perform under the contract within a reasonable time, which depends  
24 upon the nature of the contract and the particular circumstances involved.” *Id.* “Nevertheless, in  
25 the absence of a clause making time of the essence, a party’s failure to perform within a reasonable  
26 time generally does *not* constitute a material breach of the agreement.” *Id.* (emphasis added). Here,  
27 the CC&Rs do not contain a time is of the essence clause. Therefore, Defendants’ performance of  
28 the CC&Rs including the recent funding of the reserves is not a valid basis to support a finding of

1 material breach.<sup>1</sup>

2       Regardless, Plaintiffs do not cite to any mandatory or binding authority that would suggest  
3 that Defendants cannot seek reimbursement now that they, along with all Unit Owners, are required  
4 to fund the reserves. Rather, they rely upon an unpublished Ninth Circuit decision interpreting  
5 Hawaii law for the proposition that a party cannot seek enforcement of a contract it has materially  
6 breached. Opp’n p. 4:24-26. As set forth above, mandatory Nevada authority indicates Defendants  
7 have not materially breached the CC&Rs. Even so, Plaintiffs do not identify what portions of the  
8 CC&Rs they contend Defendants have allegedly breached. Nor do they provide any legal analysis  
9 to support their vague assertion.<sup>2</sup>

10       Importantly, the Receiver in this action was appointed “for the purpose of implementing  
11 compliance among all condominium units, including units owned by any Defendant in this  
12 action...with the [CC&Rs] recorded against the condominium units, the Unit Maintenance  
13 Agreements and the original Unit Rental Agreements (“Governing Documents”).” See January 7,  
14 2015 Order Appointing Receiver, at pp. 1:27-2:3. Relevantly, Mr. Teichner “is charged with  
15 accounting for all income and expenses associated with the compliance with the Governing  
16 Documents.” *Id.* at p. 2:4-6. The Court has not instructed the Receiver to only enforce portions of  
17 the Governing Documents. Tellingly, Plaintiffs have never once indicated that Mr. Teichner should

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18  
19 <sup>1</sup> The CC&Rs permit delay in the calculation of annual assessments. Specifically, any failure or delay of to  
20 give notice to each Unit Owner of the annual budget with respect to the Capital Reserves does not “constitute  
21 a waiver or release in any manner of such Unit Owner’s obligation to pay such Unit Owner’s respective  
22 monthly assessment, as herein provided, *whenever the same shall be determined*, and in the absence of the  
23 annual or adjusted budget, the Unit Owner shall continue to pay monthly assessments at the then existing  
24 monthly rate established for the previous period until the monthly assessment is given of such new annual  
25 budget.” See CC&Rs § 6.4 (emphasis added). Moreover, any failure or delay to give notice to each Unit  
Owner of the annual Hotel Expenses does not “constitute a waiver or release in any manner of such Unit  
Owner’s obligation to pay such Unit Owner’s respective monthly assessment for Hotel expenses, as herein  
provided, *whenever the same shall be determined*, and in the absence of the annual or adjusted notification  
of Hotel Expenses, the Unit Owner shall continue to pay monthly assessments for the Hotel Expenses at the  
then existing monthly rate established for the previous period until the monthly assessment for Hotel  
Expenses, which is due more than ten (10) days after notice is given of such new annual Hotel Expenses.”  
See CC&Rs § 6.10(d).

26 <sup>2</sup> According to the Restatement (Second) of Contracts, only duties with respect to the performances to be  
27 exchanged under the particular exchange of promises are affected by a failure of one of those performances.  
28 Restatement (Second) of Contracts § 237 (1981). A duty under a separate contract is not affected, nor is a  
duty under the same contract affected if it was not one to render a performance to be exchanged under an  
exchange of promises. *Id.*

1 only enforce certain sections of the CC&Rs due to Defendants’ alleged “default.” In fact, since  
2 January 2019, Plaintiffs have done just the opposite, requesting that Mr. Teichner require full  
3 compliance with the Governing Documents, including the CC&Rs, in accordance with this Court’s  
4 orders. Plaintiffs cannot now, in good faith, claim portions of the documents are somehow  
5 unenforceable in an effort to block reimbursement to Defendants.

6 Lastly, Plaintiffs argue that reimbursement of the allocated capital expenditures and  
7 imposing a special assessment would amount to a breach of the implied covenant of good faith and  
8 fair dealing. Opp’n at pp. 10-11. Plaintiffs offer no evidence in support of their bare claim. Indeed,  
9 there is no bad faith. Plaintiffs apparently believe that any time Defendants charge them any fees  
10 or if they fail to make a profit on the rental of their units, Defendants have automatically engaged  
11 in bad faith. However, Plaintiffs ignore the fact that the capital expenditures were incurred to  
12 improve the Property and these improvements have directly benefited the Plaintiffs in the ownership  
13 and rental of their Units. Plaintiffs’ motive is clear—they want all the benefits but none of the costs  
14 associated with ownership to the detriment of GSR. Their efforts to claim the Receiver’s recent  
15 calculations of fees and reserves and Defendants’ request to terminate the Unit Rental Agreement  
16 demonstrates bad faith ignores the reasoned and contractual basis underlying those actions.

17 **C. The Capital Expenditures May be Drawn Out of the Reserve Accounts**

18 Plaintiffs incorrectly allege Defendants have not complied with the CC&Rs to support a  
19 request for “reimbursement or a special assessment.” Opp’n at pp. 7-8. Plaintiffs’ argument is a  
20 red-herring and wholly unsupported. As the Receiver has recently calculated the amounts needed  
21 to fund the reserve accounts from May 2016 through December 2019 for all Unit Owners—all Unit  
22 Owners are now required to pay their respective share of the reserve funds to reflect what should  
23 have been deposited in those accounts from May 2016 through December 2019 pursuant to the  
24 Governing Documents. Accordingly, pursuant to the CC&Rs, the capital expenditures Defendants  
25 made to the Property during this same period (*i.e.* January 1, 2017 through June 30, 2019) should  
26 be charged to the reserves.

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28 ///

1                   **1. Capital Reserve**

2                   ***a. Reimbursement Request***

3           Despite being presented with an itemized list of capital expenditures to the Common  
4 Elements, Plaintiffs fail to point to *any* expense that is not properly allocated to that reserve account.  
5 Plaintiffs claim the “amounts appear unjustified” because the CC&Rs explain the “Condominium  
6 has been established in such a manner as to limit Common Elements.” Opp’n at p. 7:21; CC&Rs at  
7 Art. I. The expenses, however, are justified. The Condo Capital Expense Analysis attached as  
8 Exhibit 2 to the Motion explains that the expenditures are consistent with the Property’s Reserve  
9 Study:

10                   GSR Downloaded from BNA (property fixed asset system) all capital expenditures  
11                   for January 1, 2017 thru June 30, 2019. From that list, based on the notes from the  
12                   Reserve Study from Better Reserve Consultants, [GSR] captured only capital  
13                   expenditures that fell within the limits set by the Reserve Study to be funded by the  
14                   Reserve Accounts.

15           *See* Mot., Ex. 2 thereto at p. 1. The 2017 Reserve Study and subsequent annual reviews confirm  
16 that “[t]he Condominium Unit Owners Association shares the Common Area and Hotel Related  
17 Components with the Hotel. The Common Area Components include the Exterior of the Building,  
18 Roads and Parking, Utilities and Mechanical Components, Airport Vehicles, Equipment, Entrance  
19 Areas, Traffic Areas, Landscaping, Lighting and Electrical, Fire System, Security Monitoring  
20 System and Signage.” *See* 2017 Better Reserve Consultants Reserve Study, at p. 4, attached as  
21 Exhibit 1; *see also* 2018 Annual Review Without Site Visit, at p. 4, attached as Exhibit 2 and 2019  
22 Annual Review Without Site Visit, at p. 4, attached as Exhibit 3. All of the common area expenses  
23 identified in the Motion (*e.g.*, North Entrance – Electrical Addt’l, Parking Lot Lights, and  
24 Mezzanine: Electrical) fall within these enumerated categories.<sup>3</sup> *See* Mot., Ex. 2 thereto at p. 2. A  
25 spreadsheet identifying where some of these common area expenses may be found in the Reserve

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26           <sup>3</sup> Plaintiffs take issue with Defendants’ footnote reference to what the “Common Elements” are defined to  
27 “include” in the CC&Rs, claiming that Defendants have some sort of ulterior motive by not quoting what it  
28 does not include. Opp’n at p. 7: 5-22. Remarkably, while they take issue with Defendants not quoting the  
entire definition of “Common Elements,” they similarly take issue with Defendants fully quoting other  
sections. *See id.* Plaintiffs’ gratuitous efforts to impugn Defendants over manufactured issues should be  
rejected.

1 Study is attached as Exhibit 4 to this Reply.

2 Moreover, despite Plaintiffs' claim that Defendants have not complied with the requirements  
3 of the CC&Rs for a reimbursement, there are no requirements or prerequisites to seeking a  
4 reimbursement to the Capital Reserve. As set forth in the Motion, Section 6.2 confirms that  
5 "[e]xpenditures for the repair, replacement, and restoration of the major components of the Common  
6 Elements which may become necessary during the year shall be charged first against the Capital  
7 Reserve." In accordance with Section 6.2, now that all Unit Owners are required to fund the reserves  
8 for the past 3 years, the capital expenditures made during this period for the Common Elements  
9 should be charged against those reserves.

10 While Plaintiffs claim that the CC&Rs do not permit a "right" of reimbursement, Opp'n p.  
11 6:9-10 and p. 8:18-19, the CC&Rs clearly contemplate that capital expenditures be paid out of the  
12 reserves and it in no way indicates that GSR must shoulder the full burden of all repairs and  
13 renovations to the Property simply because they have fronted the costs of those expenditures.  
14 Indeed, basic principles of contract interpretation indicate that Defendants are not precluded from  
15 seeking reimbursement for capital expenditures. Nevada employ's "[t]raditional rules of contract  
16 interpretation." *Am. First Fed. Credit Union v. Soro*, 131 Nev. 737, 739, 359 P.3d 105, 106 (2015)  
17 (citations and quotations omitted); *see also Sheehan & Sheehan v. Nelson Malley & Co.*, 121 Nev.  
18 481, 487-88, 117 P.3d 219, 223-24 (2005). When interpreting a contract, the paramount objective  
19 is to discern the intent of the contracting parties. *Washoe Cnty. Sch. Dist. V. White*, 133 Nev. 301,  
20 303-04, 396 P.3d 834, 837 (2017). Contracts are to be read as a whole, "giv[ing] effect to the general  
21 purpose as revealed within its four corners or in its entirety," and interpreting the contract in a  
22 manner that gives reasonable meaning to all of its provisions where possible. 11 Williston on  
23 Contracts § 32:5 (4th ed. Nov. 2018 Update); *Nat'l Union Fire Ins. Co. of State of Pa., Inc. v. Reno's*  
24 *Exec. Air, Inc.*, 682 P.2d 1380, 1383, 100 Nev. 360, 364 (1984). "An interpretation which gives  
25 effect to all provisions of the contract is preferred to one which renders part of the writing  
26 superfluous, useless or inexplicable." 11 Williston on Contracts § 32:5. Further, interpretations that  
27 "render the contract fair and reasonable are preferred to those which render the contract harsh or  
28 unreasonable to one party." *Id.*

1 Applying these basic principles of contract interpretation to the CC&Rs demonstrates that a  
2 reimbursement is proper. The intent of the reserve accounts is to pay for needed capital expenditures  
3 to the Property, and each Unit-Owner is to contribute to those expenditures by, among other things,  
4 paying his allocated share of reserve fees. The CC&Rs clearly reflect the intent of the parties to  
5 draw down the reserves for necessary repairs or improvements to the Property—not for Defendants  
6 to shoulder the full burden of the capital expenditures because those expenses were not immediately  
7 withdrawn. Importantly, Section 13.9 to the CC&Rs further explains that the document “shall be  
8 liberally construed” to effectuate its purpose—confirming that Plaintiffs’ contrary interpretation is  
9 unreasonable and impractical, and would violate the intent of the CC&Rs.

10 ***b. A Special Assessment May be Required***

11 To be clear, Defendants have not imposed a special assessment related to the reimbursement,  
12 but seek approval to allow the Receiver to prepare and impose a special assessment that may be  
13 necessary to bring the reserve amounts back up to the proper amounts after reimbursement. This  
14 special assessment should be based upon a reserve study to be conducted later this year. Despite  
15 Plaintiffs’ contentions otherwise, Defendants have acted in accordance with the procedures set forth  
16 in Section 6.2 of the CC&Rs.<sup>4</sup> Reserve studies have been conducted to determine the appropriate  
17 level of reserves. *See* Exs. 1-3. Further, the Grand Sierra Resort Unit Owners Association (UOA)  
18 has reviewed and considered those studies in preparing annual budgets in the ordinary course of its  
19 business which identify the reserve amounts. *See* December 1, 2016 Annual Meeting Agenda,  
20 attached as Exhibit 5 and October 23, 2017 Board Meeting Agenda, attached as Exhibit 6. *See also*  
21 2017 Budget, attached as Exhibit 7; 2018 Budget, attached as Exhibit 8; and 2019 Budget attached  
22 as Exhibit 9.

23 Section 6.2 of the CC&Rs provides that if the “estimated Common Expenses contained in  
24 the budget prove inadequate for any reason or in the event a nonrecurring Common Expense is  
25 anticipated for any year, then the Board may prepare and approve a supplemental budget covering  
26 the estimated deficiency or nonrecurring expenses for the remainder of such year. *See* CC&Rs §

27 <sup>4</sup> Plaintiffs feign lack of knowledge as to whether Defendants complied with “Section 6.3’s Initial Budget  
28 Requirements,” Opp’n at p. 8:10, despite having cited to that initial budget in footnote 3 to their Opposition.  
*See id.* at p. 9 n.3.



6.2. Copies of this supplemental budget is to be provided to each Unit Owner and “a special or separate assessment shall be made to each Unit Owner for such Unit Owner’s proportionate share of such supplemental budget.” *Id.* The UOA has not prepared a supplemental budget for expenditures related to this Motion because it has not received Court approval or the approval of the Receiver to move forward. Upon Court approval, the UOA will work with the Receiver to ensure compliance with any remaining requirements of the CC&Rs including obtaining an updated reserve study to be used in preparing the necessary supplemental budget that will be circulated to Unit Owners.

## **2. Hotel Expenses Reserve**

### ***a. Reimbursement Request***

Plaintiffs further argue that Defendants “do not explain” how the hotel related expenditures in the Motion may be allocated to the Hotel Expenses reserve. Opp’n at p. 9. As set forth above, the Condo Capital Expense Analysis explains that the expenditures identified in the Motion are capital expenditures that fall within the parameters of the 2017 Reserve Study. *See* Mot., at Ex. 2 thereto. The Reserve Study explains the “Hotel Related Components include the Elevators, Escalators, Fitness Center, Hallways, Lobby and Pool Area.” *See* Ex. 1 at p. 4, Ex. 2 at p. 4, and Ex. 3 at p. 4. All of the expenditures in Exhibit 2 to the Motion—including the “POOL” expenses that Plaintiffs appear to take issue with—are expressly identified in the Reserve Study as elements of the Hotel Expenses reserve. A spreadsheet identifying where some of these hotel expenses may be found in the Reserve Study is attached as Exhibit 4 to this Reply.

Plaintiffs also claim Defendants have not complied with Section 6.10(b) of the CC&Rs to seek reimbursement. Opp’n at pp. 8-9. Section 6.10(b) provides that “[e]xtraordinary expenditures not originally included in the annual estimate which may become necessary during the year shall be charged first against such portions of any specific contingency reserve or the Hotel Reserve, as applicable, which remains unallocated.” CC&Rs, § 6.10(b). Accordingly, as with the Common Elements reserve, there are no prerequisites to charging or seeking reimbursement from the Hotel Reserve. Under traditional contract principles, the CC&Rs should be interpreted to allow for the reserve funds to be used for capital expenditures to the Property, not for Defendants to shoulder the

1 full weight of repairs and improvements to the Property simply because they fronted the costs. A  
2 contrary reading is simply unsupported.

3 ***b. A Special Assessment May be Required***

4 As set forth above, Defendants have not imposed a special assessment related to the  
5 reimbursement, but seek approval to allow the Receiver to prepare and impose a special assessment  
6 that may be necessary to bring the reserve amounts back up to the proper amounts after  
7 reimbursement. Defendants have complied with the applicable sections of the CC&Rs to permit a  
8 future special assessment. An initial notification of Hotel Expenses was prepared long ago when  
9 the Property first began renting units. Since then, reserve studies have been conducted to determine  
10 the appropriate level of reserves. *See, e.g.*, Exs. 1-3. The UOA in the ordinary course of its business  
11 has reviewed and considered those studies in preparing the annual notification/budget of Hotel  
12 Expenses. *See* Exs. 5-9.

13 Section 6.10(b) provides that if the Hotel Expense proves inadequate for any reason, or in  
14 the event of a nonrecurring Hotel Expense is anticipated for any year, then the UOA may “prepare  
15 and approve a supplemental notification of Hotel Expenses covering the estimated deficiency”  
16 copies of which are shall be provided to each Unit Owner and special or separate assessment shall  
17 be made for the Unit Owner’s proportionate share. *Id.* The UOA has not prepared a supplemental  
18 notification for a future special assessment because it has not received Court approval or the  
19 approval of the Receiver to move forward. As with the special assessment for the Capital Reserve,  
20 upon Court approval, the UOA with the assistance of the Receiver will ensure any special  
21 assessment for Hotel Expenses is imposed in accordance with the CC&Rs.

22 **3. The Receiver Can Determine Whether the Particular Expenses Are Supported**  
23 **and Attributable to the Reserves**

24 Plaintiffs claim that the requested expenditures are “unverified,” without supporting  
25 documents. Opp’n pp. 9-10. Plaintiffs conveniently forget Mr. Teichner, pursuant to the Order  
26 Appointing Receiver is charged with implementing compliance among all Unit Owners with the  
27 Governing Documents and can properly effectuate the reimbursement and special assessment in  
28 accordance with those documents. While it is clear Plaintiffs want to dictate and micromanage

1 every detail of the receivership including having their own expert review the expenses and/or  
2 oversee the work of the Receiver, their efforts to do so undermines the very purpose of the  
3 receivership and seeks to disregard if not violate the Order Appointing Receiver. Opp’n at p. 10:7-  
4 9. The Receiver can certainly investigate whether the requested expenses appropriately fall within  
5 the respective reserves and whether the expenses are supported. Such tasks fall within the very  
6 powers of his appointment. In fact, Mr. Teichner has already indicated that he needs “invoices and  
7 other documentation” to support the expenditures “particularly in terms of demonstrating that they  
8 are in fact capital expenditures and as to their applicability to the Unit Owners.” See June 12, 2020  
9 Receivers Report re GSRUOA.

10 Because of the authority previously given to him by the Court, Mr. Teichner can perform  
11 the necessary checks and ensure the capital expenditures are charged to the correct reserve account.  
12 It bears repeating that Mr. Teichner, pursuant to the Order Appointing Receiver, is charged with  
13 accounting for all income and expenses in compliance with the Governing Documents. See January  
14 7, 2015 Order Appointing Receiver at p. 2:4-6. As a result, Mr. Teichner has authority to “review  
15 and/or take control of...all the records, correspondence...books and accounts of or relating to the  
16 Property” including “any ongoing construction and improvements on the Property, the rent or  
17 liabilities pertaining to the Property.” *Id.* at p. 2:21-25. He also has authority to review and/or take  
18 control of “any documents relating to “repairs of the Property, including all estimated costs or  
19 repair.” *Id.* at p. 3:11-21.

20 Therefore, based upon the Order Appointing Receiver and with the Court’s approval to move  
21 forward, Mr. Teichner has the authority to review and make a determination as to whether the  
22 expenses are properly attributable to the reserve accounts in accordance with the CC&Rs and  
23 applicable reserve studies.

24 ///

25 ///

26 ///

27 ///

28 ///

1   **III.   CONCLUSION**

2           For these reasons, Defendants request the Court instruct the Receiver to allow Defendants  
3   to draw \$8,030,701 out of the reserves for the cost of capital expenditures to the Property and impose  
4   a special assessment on all Unit Owners to maintain the reserves at the appropriate levels consistent  
5   with an independent Reserve Study.

6           DATED this 10th day of July, 2020.

7  
8                                   **LEWIS ROCA ROTHGERBER CHRISTIE, LLP**

9                                   By: /s/ David C. McElhinney  
10                                  DAVID C. McELHINNEY, ESQ.  
11                                  One East Liberty Street, Suite 300  
12                                  Reno, Nevada 89501

**AFFIRMATION**

**Pursuant to NRS 239B.030**

The undersigned does hereby affirm that this document does not contain the social security number of any person.

DATED this 10th day of July, 2020.

**LEWIS ROCA ROTHGERBER CHRISTIE LLP**

By: /s/ David C. McElhinney  
DAVID C. McELHINNEY, ESQ.  
Nevada Bar No. 0033  
LEWIS ROCA ROTHGERBER CHRISTIE LLP  
One East Liberty Street, Suite 300  
Reno, Nevada 89501

**CERTIFICATION OF COUNSEL ON PAGE LIMIT**

Defense counsel hereby certifies, as required by this Court's Pretrial Order at page 8, Section VI, ¶ C, that good cause exists for filing a reply brief that exceeds the allowed 10-page reply brief limit by just 2 pages. Plaintiffs' Opposition raised several legal and factual issues that were not addressed in the Motion and required Defendants to discuss mandatory and relevant case-law as well as discuss and cite to certain contractual language and the prior orders of this Court to dispute Plaintiffs' claims. Accordingly, Defense counsel respectfully submits that it was necessary to exceed the reply brief page limit by 2 pages in order to thoroughly address each issue in Plaintiffs' Opposition.

DATED this 10th day of July, 2020.

**LEWIS ROCA ROTHGERBER CHRISTIE LLP**

By: /s/ David C. McElhinney  
DAVID C. McELHINNEY, ESQ.  
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**CERTIFICATE OF SERVICE**

Pursuant to NRCP 5(b), I certify that I am an employee of LEWIS ROCA ROTHGERBER CHRISTIE LLP and that on this 10th day of July, 2020, I served a true and correct copy of the foregoing **DEFENDANTS' REPLY IN SUPPORT OF MOTION FOR INSTRUCTIONS TO RECEIVER REGARDING REIMBURSEMENT OF CAPITAL EXPENDITURES** to the parties listed below, via electronic service through the Second Judicial District Court's eFlex Electronic Filing system.

G. David Robertson, Esq.  
Jarrad C. Miller, Esq.  
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50 West Liberty Street, Suite 600  
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*Attorneys for Plaintiffs*

I declare under penalty of perjury under the laws of the State of Nevada, that the foregoing is true and correct.

Dated this 10th day of July, 2020.

/s/ Deborah Haffey  
An Employee of Lewis Roca Rothgerber Christie LLP

## EXHIBIT INDEX

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# Exhibit 1

# Exhibit 1

# **Grand Sierra Resort Condominium Unit Owners Association**

## **Full Reserve Study**

Start Date: 01/01/2017



**Better Reserve Consultants**

RSS Mari Jo Betterley, RSS 0000025

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## Better Reserve Consultants

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November 01, 2016

Grand Sierra Resort  
2500 E. Second Street  
Reno, Nevada 89502

Grand Sierra Resort Hotel Condominium Unit Owners Board of Directors,

Thank you for this opportunity to complete a Reserve Study for your Association. A Reserve Study is the most important document that determines where "hundreds of thousands or millions" of your individual owner's dollars will be spent. The Study is a planning tool that will plan the maintenance of your Association and affect your property value now and in the future.

There are three separate Reserve Studies included in this packet:

1. Grand Sierra Resort - Hotel Condominium Unit Rooms –Furniture, Fixtures and Equipment
2. Grand Sierra Resort - Hotel Related Components
3. Grand Sierra Resort - Common Areas shared by the Hotel and Casino

It is the responsibility of the Board of Directors to determine the proper percentage of funding based on ownership of each area listed above. Funding Charts are included with each Study.

Because the Grand Sierra Resort/ Hotel Condominium Unit Owners have many very large expenses and annual changes, a Study with a Site Inspection is recommended every 3 years. The Reserve Study should be reviewed at least annually and any adjustments to the Association's funding plan should be made to provide adequate funding for the required reserves. It is important to complete a Reserve Study Update each year to ensure adequate funding of the Reserves while keeping the assessments as low as possible.

### **Reserve Study with Site Inspection and Annual Updates**

Most Recent Reserve Study with Site Inspection: January 1, 2017

Next Reserve Study with Site Inspection: January 1, 2020, should be completed in the fall of 2019, prior to 2020 Budget

Reserve Study Update: Should be completed each year in the fall, prior to Budget

### **NRS 116.31152 Study of Reserves; Duties of Executive Board Regarding Study:**

1. The executive board shall:

- (a) At least once every 5 years, cause to be conducted a study of the reserves required to repair, replace and restore the major components of the common elements;
- (b) At least annually, review the results of that study to determine whether those reserves are sufficient; and
- (c) At least annually, make any adjustments to the association's funding plan which the executive board deems necessary to provide adequate funding for the required reserves.

### **Project Description**

The Grand Sierra Resort Hotel Condominium Unit Owners Association is located in Reno, Nevada. The Association consists of 670 Hotel Rooms in the Grand Sierra Resort Hotel. The Units Common Elements/Furniture Fixtures and Equipment include the Room Remodel, Key Fob Entry System, Lighting and Electrical, Mattress Replacement, Phone System, Television Replacement, Television System, and Wi-Fi System.

### **Common Area and Hotel Related Components**

The Condominium Unit Owners Association shares the Common Area and Hotel Related Components with the Hotel. The Common Area Components include the Exterior of the Building, Roads and Parking, Utilities and Mechanical Components, Airport Vehicles, Equipment, Entrance Areas, Traffic Areas, Landscaping, Lighting and Electrical, Fire System, Security Monitoring System and Signage. The Hotel Related Components include the Elevators, Escalators, Fitness Center, Hallways, Lobby and Pool Area.

### **Property Condition**

The Grand Sierra Resort Unit Owners Association is well maintained and in overall very good condition.

### **What is a Reserve Study?**

A Reserve Study is a financial planning tool that identifies the current status of the Reserve Fund and provides a Funding Tool for Repair, Replacement, Restoration or Maintenance of their Major Components of the Common Elements. A Major component of the common elements is any component of the common elements, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance which is included in the annual operating budget of an association.

### **Why have a Reserve Study?**

\*A Reserve Study is required by the State of Nevada.

\*A Reserve Study provides important annual disclosures to association members and prospective buyers regarding the condition of common area components.

\* If you are selling your home or if you are a potential buyer, many financial institutions will not lend money on a home in an association without a properly funded Reserve Study.

\* A Reserve Study focuses on ensuring that the property is in good condition, yet "reserves" your Association's money properly so that there are no needs for "Special Assessments" or huge increases in assessments in the future.

\*And most important, a Reserve Study ensures that your Association will be a better place to live, now and in the future.

The Reserve Study is prepared by an outside independent consultant for the benefit of the Board of Directors of a property with multiple owners, such as Homeowners Association, containing an assessment of the state of the commonly owned property components as determined by the particular association's CC&Rs and bylaws. Reserve studies however are not limited only to condominiums and can be created for other properties such as time shares, resorts, hotels, apartment buildings, office parks, worship facilities, swimming pools, private (golf/social) clubs, and private schools.

NRS 116.3115 Assessments for common expenses; funding of adequate reserves; collection of interest on past due assessments; calculation of assessments for particular types of common expenses; notice of meetings regarding assessments for capital improvements....

(a) All common expenses, including the reserves, must be assessed against all the units in accordance with the allocations set forth in the declaration pursuant to subsections 1 and 2 of NRS 116.2107.

(b) The association shall establish adequate reserves, funded on a reasonable basis, for the repair, replacement and restoration of the major components of the common elements and any other portion of the common-interest community that the association is obligated to maintain, repair, replace or restore. The reserves may be used only for those purposes, including, without limitation, repairing, replacing and restoring roofs, roads and sidewalks, and must not be used for daily maintenance. The association may comply with the provisions of this paragraph through a funding plan that is designed to allocate the costs for the repair, replacement and restoration of the major components of the common elements and any other portion of the common-interest community that the association is obligated to maintain, repair, replace or restore ...

#### **Levels of Service:**

There are three types of a Reserve Study:

1. Full Reserve Study:

Component Inventory-- An actual field inspection of the common elements with representative sampling;

Condition Assessment (based upon on-site visual observations)

Life and Valuation Estimates

Fund Status

Funding Plan

2. Update, With-Site-Visit/On-Site Review: (May be an update on a Reserve Study Completed by this Reserve Study Specialist or an Update to another Reserve Study Specialist's report).

Component Inventory (verification only, not quantification)

Condition Assessment (based on on-site visual observations)

Life and Valuation Estimates

Fund Status

Funding Plan

3. Update, No-Site-Visit/Off Site Review: (May be an update on a Reserve Study Completed by this Reserve Study Specialist or an Update to another Reserve Study Specialist's report).

## **Life and Valuation Estimates**

For updated reserve studies, quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies.

## **Utilities and Asbestos**

Future Utility Line Major Repairs and Replacement such as Water Lines, Sewer Lines and Electrical Upgrades should be included in the Study. Expert evaluation of all Utilities is strongly recommended to ensure the accurate Repair or Replacement Costs and well as the Estimated Remaining Useful Life of each Component. If there is Asbestos present in the property, the Asbestos Abatement Costs and Time Frames should be included in the Study. Because a Reserve Study is not a Structural or Home Inspection, the Reserve Specialist may not be aware of Utility Line Issues or Asbestos. The Board of Directors and the Community Manager must inform the Specialist of any issues that may be present.

## **Reserve Study Specialist Experience and Qualifications**

Mari Jo Betterley, RSS 0000025

- \*Over 2500 Reserve Studies and Reserve Study Updates completed worldwide.

- \*Reserve Study Specialist 2004-Present

- \*Graduate- University of Nevada Reno- 1983

- \*Attendance 800+ Homeowner Association Executive Board Meetings and HOA Meetings

- \*State of Nevada Instructor Continuing Education Classes:

- "Reserve Studies - Working With the Experts in the Field -Pavement Engineer" - CE.0166500-

- CAM " "Manager's Role/ How to Read and Interpret a Reserve Study"- CE.0166000-CAM

- " Reserve Studies- Meet the Experts- Painting and Surface Treatment"- C.E.0166600-CAM

- "Reserve Studies From Start to Finish- Fundamentals" – CE.0166400-CAM

- \*Community Association Institute Business Partner

- \*CAMEO Business Partner

## **Conflict of Interest**

There is no relationship with this Association that could result in actual or perceived conflicts of interest. The Reserve Study Specialist does not expect to receive any direct or indirect compensation or profits from any person who will perform services for the client. There is no affiliation with, or financial interest in the association for which the reserve study specialist will prepare the reserve study; and The Reserve Study Specialist does not have a personal relationship with any unit's owner, member of the executive board of the association for which the reserve study specialist will prepare the reserve study.

## **Sources Relied Upon in Determining the Component Estimated Useful Life, Remaining Useful Life and today's cost**

Better Reserve Consultants uses "real costs and numbers" whenever possible. We rely on the Management Company and the Board of Directors to provide actual bids, invoices and estimates for the Component Measurements, Replacement Costs and Estimated time frames. If the Management Company does not have the "history" of the component information, we may ask a third party Contractor to evaluate and measure the property.



Any consultants and other persons with expertise used to assist in the preparation of the reserve study names have been included in this Study. If there are any conflicting recommendations of the consultants or other persons with expertise while preparing the reserve study, a written explanation as to which recommendations are selected and the reasons for their selection has been included in the Addendum.

### **Initial Reserve Bank Balance**

The Beginning Reserve Balance for this Reserve Study has been provided by the Management Company/ Board of Directors. If the Reserve Study Site Inspection Date is not the date that the Reserve Study was prepared, the Initial Reserves may be an estimation of a future Reserve Bank Account Balance.

### **Board of Directors Responsibility**

The Board of the Directors, the Management Company and the Reserve Study Specialist must work "hand in hand" to complete an accurate Reserve Study.

The Board of Directors must take full "ownership" in the Reserve Study. They should be involved in the process every step of the way. The Board of Directors or Manager should walk the property with the Reserve Study Specialist and discuss the "history" of the components as well as the Board's future plans for the Association. If the walkthrough is not possible, then a phone conversation to discuss the details of the Association may be adequate.

When the preliminary Study is provided, the Board of Directors should read it carefully and ensure that all information is correct. The Board of Directors should attend a Workshop or Board Meeting to discuss the Study in detail with the Reserve Study Specialist to ensure accuracy and understanding.

When the Study is adopted by the Board, the Board of Directors should think of it as a real tool to plan the future condition of the Association. Some Board Members say that they "carry the Study with them to every meeting," reviewing the plans and updating the study at each meeting. By NRS requirements, the Study is to be reviewed on an annual basis. I always tell the Board of Directors to think of themselves as "Pioneers" for their Association. It doesn't matter if the Association is 3 years old or 30 years old.... What you do now will affect the future condition of the Association.

### **Threshold Funding Method:**

Threshold Funding: Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

### **Calculations**

This Study Fully Funded Balance is based upon the National Standards set forth through the Community Association Institute. The Fully Funded Balance is defined as: Total Accrued Depreciation-An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulae can be utilized depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.  $FFB = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$

or 
$$FFB = (Current\ Cost \times Effective\ Age / Useful\ Life) + [(Current\ Cost \times Effective\ Age / Useful\ Life) / (1 + Interest\ Rate)^{Remaining\ Life}] - [(Current\ Cost \times Effective\ Age / Useful\ Life) / (1 + Inflation\ Rate)^{Remaining\ Life}]$$

An Update or a Full Reserve Study should be completed at least every year or if any of the following situations occur: If there are changes in the Management Company, Interest Rates, Changes in Inflation, or the Economy, after any major project completion or prior to beginning a major project (such as Roofing, Painting, Overlay, etc.), after a catastrophic event such as a fire or flood. The Study is a "working tool" or "living document" that should evolve and be updated with real costs and numbers.

NRS 116.31144--Audit and review of financial statements. 1.Except as otherwise provided in subsection 2, the executive board shall: (a)If the annual budget of the association is \$45,000 or more but less than \$75,000, cause the financial statement of the association to be reviewed by an independent certified public accountant during the year immediately preceding the year in which a study of the reserves of the association is to be conducted pursuant to NRS 116.31152. (b)If the annual budget of the association is \$75,000 or more but less than \$150,000, cause the financial statement of the association to be reviewed by an independent certified public accountant every fiscal year. (c)If the annual budget of the association is \$150,000 or more, cause the financial statement of the association to be audited by an independent certified public accountant every fiscal year.

### Disclosures

The Initial Reserve Fund Bank Account Balance and Interest Rate was provided by the Management Company or Board of Directors. The Reserve Study Specialist did not verify or audit this fund.

There are no guarantees, express or implied, with the predictions of the cost or life expectancy of any of the major components.

Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited.

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

Material issues which, if not disclosed, would cause the condition of the association to be misrepresented.

The projected life expectancy of the major components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components and dramatically increase the funding needs of the reserves of the association.

Tim Betterley: Assists the Reserve Specialists with measurement of property/ components.

A Reserve Study is not a Structural or Home Inspection. This Reserve Study is based on the information provided to the Reserve Study Specialist. The Reserve Bank Balance, Components Cost and Estimated Useful life is based on information provided by the Management Company and/ or Board of Directors that was not audited.

### **Funding Summary**

The Reserve Study Funding Plan is based on the Assumption that there are no unforeseen circumstances that would alter the components Repair, Replacement, Restoration or Maintenance Costs and Estimated Remaining or Useful Life. The Recommended Reserve Contribution and Funding Levels chart, included in this Study, must be followed.

### **Funding Status**

The Grand Sierra Resort Unit Owners Association is adequately funded as long as the Recommended Reserve Contribution Funding Chart is followed and there are no unforeseen circumstances that would affect the components useful life.

### **"Adequately Funded"**

Nevada Revised Statute requires that the Association Reserve Fund is "Adequately Funded." NAC 116.425 Reserve study: Contents. (NRS 116.31152, 116.615) .....

2. ... "adequately funded reserve" means the funds sufficient to maintain the common elements:

- (a) At the level described in the governing documents and in a reserve study; and
- (b) Without using the funds from the operating budget or without special assessments, except for occurrences that are a result of unforeseen catastrophic events.

A Reserve Study is considered a "working tool" and should be re-evaluated every year. What is accurate this year, may not be accurate in future years. Each year the Reserve Study should be updated with recent history and actual costs along with future costs and revised plans. The Reserve Study should "evolve" and change so that it is a "living document" that the Board of Directors follows and believes in.

Thank you for this opportunity to EARN your business. It has been our pleasure to complete this Reserve Study for your Homeowners Association. Better Reserve Consultants takes pride in completing an accurate Reserve Study that is very "customized" to your Association. We are happy to attend Board Meetings, Workshops or Conference Calls at no additional cost. It is our goal that you have a Reserve Study that you will actually use as a tool - a Study that you will believe in!

Thank you,

Mari Jo Betterley, RSS  
Better Reserve Consultants

Tab 2

Tab 2

## Recommended Reserve Contribution

Year Funded	Beginning of Year Balance	Annual Transfer	HOA Monthly Pmt	Annual Expenditures	Interest Earned	Income Tax	End of Year Balance	% Funded	Fully Funded (100%) Balance
2017	\$2,300,000.00	\$1,800,000.00	\$150,000.00	\$346,900.00	\$46,000.00	\$13,800.00	\$3,785,300.00	75.75	\$4,997,192.71
2018	\$3,785,300.00	\$1,800,000.00	\$150,000.00	\$355,572.50	\$75,706.00	\$22,711.80	\$5,282,721.70	78.15	\$6,759,775.03
2019	\$5,282,721.70	\$1,900,000.00	\$158,333.33	\$1,182,058.19	\$105,654.00	\$31,696.20	\$6,074,621.31	78.20	\$7,768,350.63
2020	\$6,074,621.31	\$1,900,000.00	\$158,333.33	\$133,426.75	\$121,492.00	\$36,447.60	\$7,926,238.96	80.40	\$9,858,416.95
2021	\$7,926,238.96	\$2,000,000.00	\$166,666.67	\$9,750,972.70	\$158,525.00	\$47,557.50	\$286,233.76	11.05	\$2,591,149.13
2022	\$286,233.76	\$2,100,000.00	\$175,000.00	\$140,181.48	\$5,725.00	\$1,717.50	\$2,250,059.78	47.16	\$4,770,745.62
2023	\$2,250,059.78	\$2,200,000.00	\$183,333.33	\$143,686.01	\$45,001.00	\$13,500.30	\$4,337,874.47	61.83	\$7,016,187.37
2024	\$4,337,874.47	\$2,300,000.00	\$191,666.67	\$147,278.17	\$86,757.00	\$26,027.10	\$6,551,326.20	70.25	\$9,325,823.48
2025	\$6,551,326.20	\$2,400,000.00	\$200,000.00	\$150,960.12	\$131,027.00	\$39,308.10	\$8,892,084.98	76.02	\$11,697,621.25
2026	\$8,892,084.98	\$2,450,000.00	\$204,166.67	\$11,032,330.59	\$177,842.00	\$53,352.60	\$434,243.79	12.47	\$3,482,043.64
2027	\$434,243.79	\$2,500,000.00	\$208,333.33	\$158,602.48	\$8,685.00	\$2,605.50	\$2,781,720.81	46.72	\$5,954,261.41
2028	\$2,781,720.81	\$2,600,000.00	\$216,666.67	\$162,567.54	\$55,634.00	\$16,690.20	\$5,258,097.07	61.86	\$8,500,454.40
2029	\$5,258,097.07	\$2,700,000.00	\$225,000.00	\$527,963.01	\$105,162.00	\$31,548.60	\$7,503,747.46	69.71	\$10,764,380.35
2030	\$7,503,747.46	\$2,800,000.00	\$233,333.33	\$170,797.52	\$150,075.00	\$45,022.50	\$10,238,002.44	76.11	\$13,451,051.26
2031	\$10,238,002.44	\$2,900,000.00	\$241,666.67	\$12,482,069.44	\$204,760.00	\$61,428.00	\$799,265.00	19.22	\$4,158,958.60
2032	\$799,265.00	\$3,000,000.00	\$250,000.00	\$179,444.14	\$15,985.00	\$4,795.50	\$3,631,010.36	52.18	\$6,958,987.38
2033	\$3,631,010.36	\$3,150,000.00	\$262,500.00	\$183,930.25	\$72,620.00	\$21,786.00	\$6,947,914.11	67.54	\$9,842,554.94
2034	\$6,947,914.11	\$3,200,000.00	\$266,666.67	\$188,528.50	\$132,958.00	\$39,887.40	\$9,752,456.21	76.15	\$12,807,456.14
2035	\$9,752,456.21	\$3,300,000.00	\$275,000.00	\$193,241.72	\$195,049.00	\$58,514.70	\$12,995,748.79	81.99	\$15,850,990.12
2036	\$12,995,748.79	\$3,400,000.00	\$283,333.33	\$14,122,315.88	\$259,915.00	\$77,974.50	\$2,455,373.41	45.97	\$5,340,742.50
2037	\$2,455,373.41	\$3,500,000.00	\$291,666.67	\$368,803.40	\$49,107.00	\$14,732.10	\$5,620,944.91	67.33	\$8,347,931.48
2038	\$5,620,944.91	\$3,600,000.00	\$300,000.00	\$208,100.19	\$112,419.00	\$33,725.70	\$9,091,538.02	78.30	\$11,610,504.02
2039	\$9,091,538.02	\$3,700,000.00	\$308,333.33	\$1,366,755.53	\$181,831.00	\$54,549.30	\$11,552,064.19	83.52	\$13,832,223.27
2040	\$11,552,064.19	\$2,900,000.00	\$241,666.67	\$218,635.27	\$231,041.00	\$69,312.30	\$14,395,157.62	83.36	\$17,268,838.51
2041	\$14,395,157.62	\$3,200,000.00	\$266,666.67	\$15,978,104.17	\$287,903.00	\$86,370.90	\$1,818,585.55	33.86	\$5,371,278.21
2042	\$1,818,585.55	\$3,400,000.00	\$283,333.33	\$229,703.67	\$36,372.00	\$10,911.60	\$5,014,342.28	56.01	\$8,952,283.01
2043	\$5,014,342.28	\$3,600,000.00	\$300,000.00	\$235,446.27	\$100,287.00	\$30,086.10	\$8,449,096.91	66.85	\$12,639,822.83
2044	\$8,449,096.91	\$3,700,000.00	\$308,333.33	\$764,647.85	\$168,982.00	\$50,694.60	\$11,502,736.46	72.26	\$15,917,894.94
2045	\$11,502,736.46	\$3,900,000.00	\$325,000.00	\$247,365.73	\$230,055.00	\$69,016.50	\$15,316,409.23	77.33	\$19,807,505.03
2046	\$15,316,409.23	\$3,900,000.00	\$325,000.00	\$18,077,758.27	\$306,328.00	\$91,898.40	\$1,353,080.56	21.32	\$6,347,504.58
Total:		\$5,800,000.00		\$9,448,147.34	\$3,858,897.00	\$1,157,669.10			

## Recommended Reserve Contribution

Year Funded	Beginning of Year Balance	Annual Transfer	Member Monthly Pmt	Annual Expenditures	Interest Earned	Income Tax	End of Year Balance	% Funded	Fully Funded (100%) Balance
2017	\$8,500,000.00	\$2,000,000.00	\$166,666.67	\$2,172,817.00	\$170,000.00	\$51,000.00	\$8,446,183.00	51.23	\$16,487,314.01
2018	\$8,446,183.00	\$2,000,000.00	\$166,666.67	\$2,099,200.00	\$168,924.00	\$50,677.20	\$8,465,229.80	51.77	\$16,352,670.86
2019	\$8,465,229.80	\$2,000,000.00	\$166,666.67	\$1,027,511.27	\$169,305.00	\$50,791.50	\$9,556,232.03	55.20	\$17,311,901.00
2020	\$9,556,232.03	\$2,000,000.00	\$166,666.67	\$433,986.92	\$191,125.00	\$57,337.50	\$11,256,032.61	59.55	\$18,902,586.67
2021	\$11,256,032.61	\$2,000,000.00	\$166,666.67	\$561,974.55	\$225,121.00	\$67,536.30	\$12,851,642.76	62.94	\$20,419,727.47
2022	\$12,851,642.76	\$2,000,000.00	\$166,666.67	\$1,613,469.15	\$257,033.00	\$77,109.90	\$3,418,096.71	30.70	\$11,133,293.72
2023	\$3,418,096.71	\$2,000,000.00	\$166,666.67	\$1,101,705.85	\$68,362.00	\$20,508.60	\$4,364,244.26	35.88	\$12,163,080.61
2024	\$4,364,244.26	\$2,000,000.00	\$166,666.67	\$158,095.22	\$87,285.00	\$26,185.50	\$6,267,248.54	44.20	\$14,180,804.46
2025	\$6,267,248.54	\$2,500,000.00	\$208,333.33	\$369,176.07	\$125,345.00	\$37,603.50	\$8,485,813.97	52.84	\$16,058,908.77
2026	\$8,485,813.97	\$2,500,000.00	\$208,333.33	\$4,257,525.24	\$169,716.00	\$50,914.80	\$6,847,089.93	48.24	\$14,193,677.02
2027	\$6,847,089.93	\$2,500,000.00	\$208,333.33	\$5,263,473.37	\$136,942.00	\$41,082.60	\$4,179,475.96	36.71	\$11,385,545.57
2028	\$4,179,475.96	\$2,500,000.00	\$208,333.33	\$568,133.52	\$83,590.00	\$25,077.00	\$6,169,855.44	46.62	\$13,235,468.96
2029	\$6,169,855.44	\$2,500,000.00	\$208,333.33	\$178,870.22	\$123,397.00	\$37,019.10	\$8,577,363.12	55.18	\$15,544,674.67
2030	\$8,577,363.12	\$2,500,000.00	\$208,333.33	\$417,688.85	\$171,547.00	\$51,464.10	\$10,779,757.17	60.90	\$17,699,504.27
2031	\$10,779,757.17	\$2,500,000.00	\$208,333.33	\$634,596.50	\$215,595.00	\$64,678.50	\$12,796,077.17	64.89	\$19,720,592.43
2032	\$12,796,077.17	\$2,500,000.00	\$208,333.33	\$1,574,639.73	\$255,922.00	\$76,776.60	\$13,900,582.84	66.52	\$20,897,754.43
2033	\$13,900,582.84	\$2,500,000.00	\$208,333.33	\$197,439.24	\$278,012.00	\$83,403.60	\$16,397,752.00	69.78	\$23,499,351.24
2034	\$16,397,752.00	\$2,500,000.00	\$208,333.33	\$202,375.23	\$327,955.00	\$98,386.50	\$18,924,945.27	72.30	\$26,176,010.96
2035	\$18,924,945.27	\$2,500,000.00	\$208,333.33	\$472,576.59	\$378,499.00	\$113,549.70	\$21,217,317.98	74.01	\$28,666,809.90
2036	\$21,217,317.98	\$3,000,000.00	\$250,000.00	\$9,073,356.85	\$424,346.00	\$127,303.80	\$15,441,003.33	67.72	\$22,802,080.51
2037	\$15,441,003.33	\$3,000,000.00	\$250,000.00	\$3,457,180.83	\$308,820.00	\$92,646.00	\$15,199,996.50	67.59	\$22,488,623.38
2038	\$15,199,996.50	\$3,000,000.00	\$250,000.00	\$2,851,930.00	\$304,000.00	\$91,200.00	\$15,560,866.50	68.12	\$22,844,306.21
2039	\$15,560,866.50	\$3,000,000.00	\$250,000.00	\$1,442,676.82	\$311,217.00	\$93,365.10	\$17,336,041.58	70.29	\$24,663,767.81
2040	\$17,336,041.58	\$3,000,000.00	\$250,000.00	\$534,677.03	\$346,721.00	\$104,016.30	\$20,044,069.25	72.98	\$27,464,834.86
2041	\$20,044,069.25	\$3,000,000.00	\$250,000.00	\$739,988.14	\$400,881.00	\$120,264.30	\$22,584,697.81	74.88	\$30,160,165.07
2042	\$22,584,697.81	\$3,000,000.00	\$250,000.00	\$7,072,082.02	\$451,694.00	\$135,508.20	\$18,828,801.59	70.42	\$26,736,365.09
2043	\$18,828,801.59	\$3,000,000.00	\$250,000.00	\$1,881,285.03	\$376,576.00	\$112,972.80	\$20,211,119.76	70.99	\$28,471,416.99
2044	\$20,211,119.76	\$3,000,000.00	\$250,000.00	\$259,057.40	\$404,222.00	\$121,266.60	\$23,235,017.76	72.85	\$31,894,191.34
2045	\$23,235,017.76	\$3,000,000.00	\$250,000.00	\$604,938.00	\$464,700.00	\$139,410.00	\$25,955,369.76	73.98	\$35,082,145.65
2046	\$25,955,369.76	\$3,000,000.00	\$250,000.00	\$8,701,572.28	\$519,107.00	\$155,732.10	\$20,617,172.38	67.74	\$30,434,168.43
Total:		76,500,000.00		69,923,998.92	7,915,959.00	2,374,787.70			

## Grand Sierra Resort - Hotel Related Components

Start Date: 01/01/2017

## Recommended Reserve Contribution

Year Funded	Beginning of Year Balance	Annual Transfer	Member Monthly Pmt	Annual Expenditures	Interest Earned	Income Tax	End of Year Balance	% Funded	Fully Funded (100%) Balance
2017	\$2,000,000.00	\$700,000.00	\$58,333.33	\$460,000.00	\$40,000.00	\$12,000.00	\$2,268,000.00	63.51	\$3,571,019.66
2018	\$2,268,000.00	\$700,000.00	\$58,333.33	\$471,500.00	\$45,360.00	\$13,608.00	\$2,528,252.00	61.17	\$4,133,296.86
2019	\$2,528,252.00	\$700,000.00	\$58,333.33	\$485,914.06	\$50,565.00	\$15,169.50	\$2,777,733.44	59.00	\$4,707,851.50
2020	\$2,777,733.44	\$1,000,000.00	\$83,333.33	\$269,222.67	\$55,555.00	\$16,666.50	\$3,547,399.27	64.25	\$5,521,670.95
2021	\$3,547,399.27	\$1,000,000.00	\$83,333.33	\$3,601,962.23	\$70,948.00	\$21,284.40	\$995,100.64	32.09	\$3,100,647.73
2022	\$995,100.64	\$1,300,000.00	\$108,333.33	\$240,424.24	\$19,902.00	\$5,970.60	\$2,068,607.80	51.82	\$3,991,544.13
2023	\$2,068,607.80	\$1,300,000.00	\$108,333.33	\$308,478.44	\$41,372.00	\$12,411.60	\$3,089,089.76	63.72	\$4,847,844.24
2024	\$3,089,089.76	\$1,300,000.00	\$108,333.33	\$249,624.01	\$61,782.00	\$18,534.60	\$4,182,713.15	72.20	\$5,793,139.63
2025	\$4,182,713.15	\$1,300,000.00	\$108,333.33	\$1,599,153.81	\$83,654.00	\$25,096.20	\$3,942,117.14	72.36	\$5,447,752.70
2026	\$3,942,117.14	\$1,300,000.00	\$108,333.33	\$4,105,262.35	\$78,842.00	\$23,652.60	\$1,192,044.19	44.51	\$2,678,014.03
2027	\$1,192,044.19	\$1,300,000.00	\$108,333.33	\$117,767.79	\$23,841.00	\$7,152.30	\$2,390,965.10	62.30	\$3,837,930.46
2028	\$2,390,965.10	\$1,300,000.00	\$108,333.33	\$16,401.09	\$47,819.00	\$14,345.70	\$3,708,037.31	72.19	\$5,136,158.47
2029	\$3,708,037.31	\$1,400,000.00	\$116,666.67	\$88,762.66	\$74,161.00	\$22,248.30	\$5,071,187.35	79.21	\$6,402,232.55
2030	\$5,071,187.35	\$1,400,000.00	\$116,666.67	\$13,785.11	\$101,424.00	\$30,427.20	\$6,528,399.04	83.92	\$7,779,285.32
2031	\$6,528,399.04	\$1,400,000.00	\$116,666.67	\$4,352,241.96	\$130,568.00	\$39,170.40	\$3,667,554.68	74.15	\$4,946,437.34
2032	\$3,667,554.68	\$1,400,000.00	\$116,666.67	\$796,563.99	\$73,351.00	\$22,005.30	\$4,322,336.39	76.89	\$5,621,474.87
2033	\$4,322,336.39	\$1,400,000.00	\$116,666.67	\$14,845.06	\$86,447.00	\$25,934.10	\$5,768,004.23	81.22	\$7,102,119.36
2034	\$5,768,004.23	\$1,400,000.00	\$116,666.67	\$19,020.23	\$115,360.00	\$34,608.00	\$7,229,736.00	83.87	\$8,620,589.65
2035	\$7,229,736.00	\$1,400,000.00	\$116,666.67	\$2,130,493.81	\$144,595.00	\$43,378.50	\$6,600,458.69	81.38	\$8,111,092.15
2036	\$6,600,458.69	\$1,400,000.00	\$116,666.67	\$5,191,136.89	\$132,009.00	\$39,602.70	\$2,901,728.10	62.52	\$4,641,276.13
2037	\$2,901,728.10	\$1,500,000.00	\$125,000.00	\$151,572.01	\$58,035.00	\$17,410.50	\$4,290,780.59	69.91	\$6,137,428.47
2038	\$4,290,780.59	\$1,500,000.00	\$125,000.00	\$83,979.09	\$85,816.00	\$25,744.80	\$5,766,872.70	74.43	\$7,748,528.64
2039	\$5,766,872.70	\$1,500,000.00	\$125,000.00	\$17,215.71	\$115,337.00	\$34,601.10	\$7,330,392.89	77.38	\$9,472,947.88
2040	\$7,330,392.89	\$1,600,000.00	\$133,333.33	\$22,057.64	\$146,608.00	\$43,982.40	\$9,010,960.85	80.17	\$11,239,429.44
2041	\$9,010,960.85	\$1,600,000.00	\$133,333.33	\$5,641,777.99	\$180,219.00	\$54,065.70	\$5,095,336.16	67.48	\$7,550,414.99
2042	\$5,095,336.16	\$1,600,000.00	\$133,333.33	\$389,328.26	\$101,907.00	\$30,572.10	\$6,377,342.80	70.58	\$9,036,156.93
2043	\$6,377,342.80	\$1,700,000.00	\$141,666.67	\$403,812.20	\$127,547.00	\$38,264.10	\$7,762,813.50	73.53	\$10,557,226.85
2044	\$7,762,813.50	\$1,700,000.00	\$141,666.67	\$486,950.00	\$155,256.00	\$46,576.80	\$9,084,542.70	75.42	\$12,045,259.21
2045	\$9,084,542.70	\$1,700,000.00	\$141,666.67	\$3,014,707.47	\$181,691.00	\$54,507.30	\$7,897,018.93	71.12	\$11,103,453.29
2046	\$7,897,018.93	\$1,900,000.00	\$158,333.33	\$7,089,164.49	\$157,940.00	\$47,382.00	\$2,818,412.44	45.35	\$6,214,291.29
Total:		40,700,000.00		41,833,125.26	2,787,911.00	\$836,373.30			

Better Reserve Consultants

Version 1.02 - September 15, 2016

Tab 3

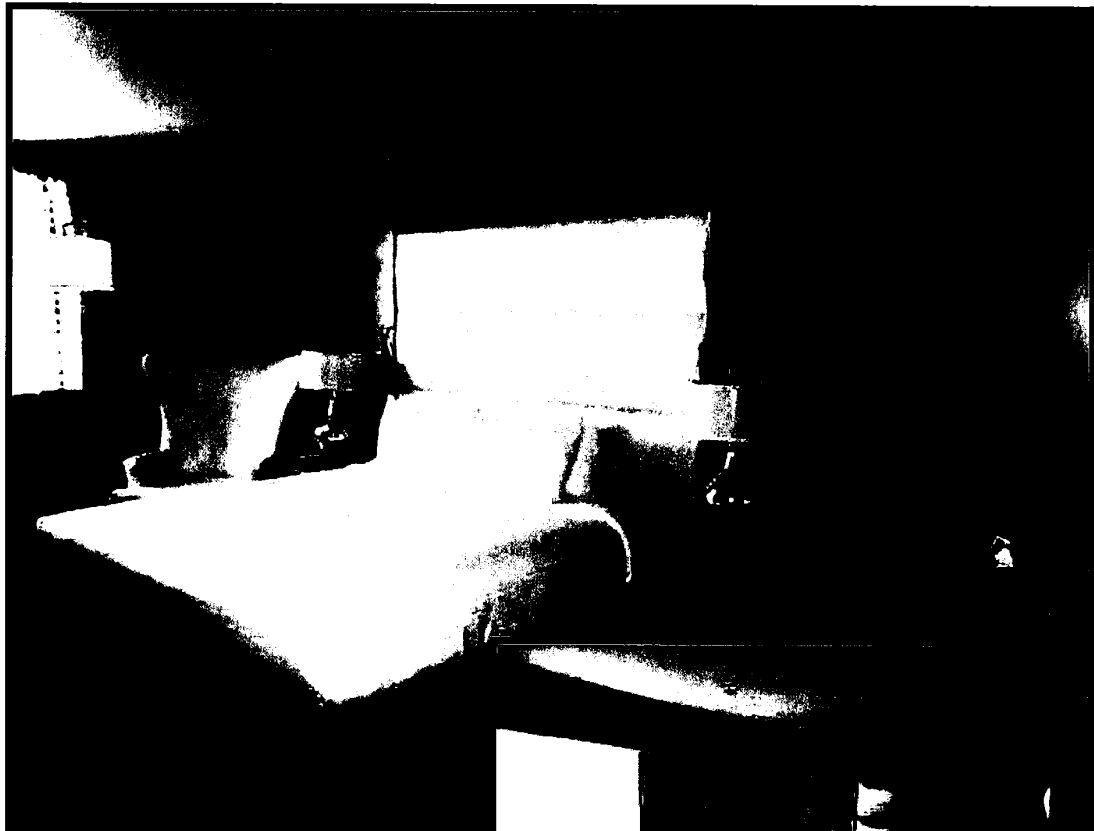
Tab 3



# Grand Sierra Resort - FF&E

## Full Reserve Study

Start Date: 01/01/2017



**Better Reserve Consultants**

RSS Mari Jo Betterley, RSS 0000025

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***Important Information***Reserve Study / Fiscal Year Start Date: 01/01/2017Reserve Study Site Inspection Date: July 15, 2016

Number of Assessment Paying Members/ Units: 670

Reserve Bank Accounts Interest Rate and Balance as of: 01/01/2017

Reserve Bank Account	5.0%	<u>\$2,300,000.00</u>
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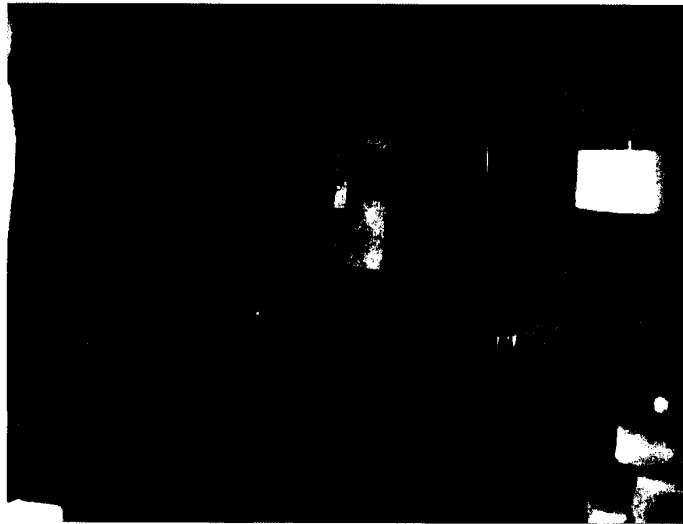
Total: \$2,300,000.00Inflation Rate: 2.50% (Based on the average over the last 20 years)Income Tax Rate: 30.00% on Reserve Bank Account Interest OnlyCurrent Annual Reserve Contribution/ Transfer From Operating: \$1,800,000.00Total estimated current replacement costs of the major component inventory: \$10,650,940.00Special Reserve Assessment Recommended: \$0.00



The Kitchenette Remodel or Renovation is scheduled to be done when the Units are Remodeled. The Appliance Replacement is done "as needed" through the Operating Budget.



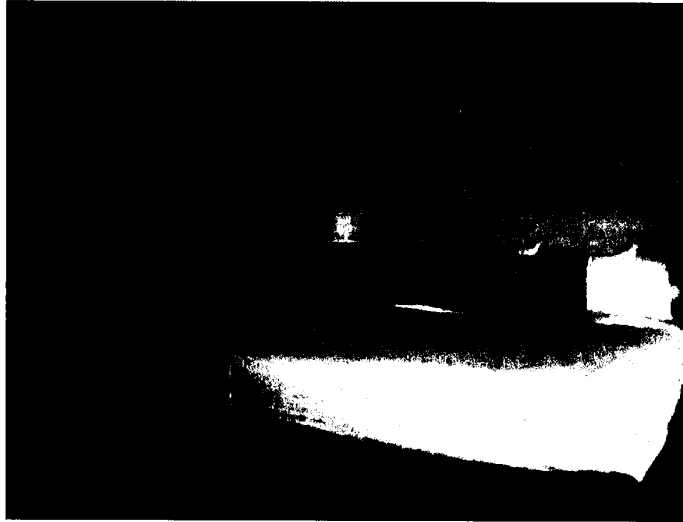
Replacement of the Bedding is done through the Operating Budget and has not been included in this Study.



Television Replacement has been included in the Study to be done "as needed" through a contingency fund. The Television System and Phone System Renovation has been scheduled for the future.



The Bathroom Remodel has been included in the Unit Remodel schedule.



Mattresses have an Estimated Useful Life When New of 5 years.  
Mattresses are scheduled to be Replaced each year, as needed.



The Rooms are scheduled to have a complete remodel every 5 years.

## Component Evaluation - Concepts

### Common Element

The Association CC&Rs typically define what a common element is. Usually, this is property owned in common by all the homeowners (rather than by an individual homeowner).

### Component

A Major Component of the common elements is any component of the common elements, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance which is included in the annual operating budget of an association.

### Units

A quantity chosen as a standard in terms of measurement. For Example, Square Footage, Linear Footage, a Condominium Unit, a Roof, etc.

### Date Last Repaired/ Replaced:

Estimated date when the Component was last Replaced, Repaired, Restored or Maintained

### Cost Per Unit

How much each unit of measurement costs to repair, replace, restore, or maintain

### Today's Cost:

Total Estimated Cost to Repair, Replace, Maintain or Restore the Component  
This may be a calculation of Costs per Unit x Number of Units or it may be a set value.

### Estimated Life When New

Estimated Time Frame that the Component should last before it is Repaired, Replaced, Restored or Maintained. This may be based on a Warranty, Historical Life Span, Manufactures/ Contractors opinion, location, etc.

### Estimated Remaining Useful Life:

The Estimated amount of time that the component will actually last from today  
This may be a calculation based on Estimated Useful Life When New minus the actual age or it could be based on other factors such as wear, condition, climate etc.



### Units

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Units - Key Fob Entry System	2019	670 units	1000.00/unit	670000.00	2	20
Units - Lighting Phase 01	2017	223 units	1000.00/unit	223000.00	0	30
Units - Lighting Phase 02	2018	223 units	1000.00/unit	223000.00	1	30
Units - Lighting Phase 03	2019	224 units	1000.00/unit	224000.00	2	30
Units - Mattress Replacement (Every 5 Years)	Annual	134 units	850.00/unit	113900.00	0	1
Units - Phone System (Done 2012)	2029	670 units	401.00/unit	268670.00	12	15
Units - Remodel	2021	670 units	13000.00/unit	8710000.00	4	5
Units - Television Replacement Contingency	Annual	as needed	10000.00	10000.00	0	1
Units - Television System Renovation	2019	as needed	160.00	107200.00	2	30
Units - Wi-Fi (Done 2016)	2037	670 units	151.00/unit	101170.00	20	20



**5 Year Planned Expenditures***This is where you will spend your money in the next 5 years***2017**

Units - Lighting Phase 01	\$223,000.00
Units - Mattress Replacement (Every 5 Years)	\$113,900.00
Units - Television Replacement Contingency	\$10,000.00

<b>Total</b>	<b>\$346,900.00</b>
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**2018**

Units - Lighting Phase 02	\$228,575.00
Units - Mattress Replacement (Every 5 Years)	\$116,747.50
Units - Television Replacement Contingency	\$10,250.00

<b>Total</b>	<b>\$355,572.50</b>
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**2019**

Units - Key Fob Entry System	\$703,918.75
Units - Lighting Phase 03	\$235,340.00
Units - Mattress Replacement (Every 5 Years)	\$119,666.19
Units - Television Replacement Contingency	\$10,506.25
Units - Television System Renovation	\$112,627.00

<b>Total</b>	<b>\$1,182,058.19</b>
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**2020**

Units - Mattress Replacement (Every 5 Years)	\$122,657.84
Units - Television Replacement Contingency	\$10,768.91

<b>Total</b>	<b>\$133,426.75</b>
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**2021**

Units - Mattress Replacement (Every 5 Years)	\$125,724.29
Units - Remodel	\$9,614,210.28
Units - Television Replacement Contingency	\$11,038.13

<b>Total</b>	<b>\$9,750,972.70</b>
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### Recommended Reserve Contribution and Funding Levels - Concepts

<b>Beginning of the Year Balance</b>	Reserve Bank Account(s) Balance as of the Beginning of the year
<b>Annual Transfer</b>	Recommended Transfer or Annual Contribution to the Reserve Account
<b>Monthly Contribution per Unit</b>	An example of the amount of money that each unit owner would contribute to the Reserve Bank Account each month
<b>Annual Expenditures</b>	Estimated Expenditures based on the Component Evaluation
<b>Investment Earnings</b>	Dollar Amount of Interest contributed to the Reserve Account based on the percent interest rate on the Reserve Bank Account - Provided by the Management Company or Board of Directors.
<b>Income Tax</b>	Estimated Income Tax - 30% of the Reserve Bank Account(s) earned interest
<b>End of the Year Balance</b>	Recommended Reserve Bank Account Ending Balance at the end of the Fiscal Year
<b>% Funded</b>	A Measure of the financial health of the Association based on funding the depreciation of each Component. The chart below indicates the financial position based on the Percent Funded.
<b>Fully Funded- 100% Funded</b>	Funding of 100% of the depreciation of each Component.

**0% - 40% Funded is considered to be a "weak" financial position. Associations that fall into this category must take action to bring the funding levels to a proper level by raising the monthly/ annual contribution or a Special Reserve Assessment.**

**40% - 74% Funded is considered to be a "fair" financial position. This does not represent financial strength and stability. The likelihood of a Special Assessment is still possible. The Association should make every effort to continue strengthening the financial position of the Reserve Fund.**

**75% - 99% Funded is considered a "strong" financial position. This indicates financial strength of a Reserve Fund and every attempt to maintain this level should be a goal of the Association.**

**100% Funded or Greater is the "ideal" financial position. This means that the Association has the funds in the Reserve Account in order to repair, replace, restore or maintain the Common Elements based on their depreciation. Some Reserve Studies will fund the Reserves up to 130% Funded. In some instances, the Reserve Fund may be over the 100% funding mark in order to prepare for larger costs that will impact the Reserve Account in the future.**

## Recommended Reserve Contribution

Year Funded	Beginning of Year Balance	Annual Transfer	HOA Monthly Pmt	Annual Expenditures	Interest Earned	Income Tax	End of Year Balance	% Funded	Fully Funded (100%) Balance
2017	\$2,300,000.00	\$1,800,000.00	\$150,000.00	\$346,900.00	\$46,000.00	\$13,800.00	\$3,785,300.00	75.75	\$4,997,192.71
2018	\$3,785,300.00	\$1,800,000.00	\$150,000.00	\$355,572.50	\$75,706.00	\$22,711.80	\$5,282,721.70	78.15	\$6,759,775.03
2019	\$5,282,721.70	\$1,900,000.00	\$158,333.33	\$1,182,058.19	\$105,654.00	\$31,696.20	\$6,074,621.31	78.20	\$7,768,350.63
2020	\$6,074,621.31	\$1,900,000.00	\$158,333.33	\$133,426.75	\$121,492.00	\$36,447.60	\$7,926,238.96	80.40	\$9,858,416.95
2021	\$7,926,238.96	\$2,000,000.00	\$166,666.67	\$9,750,972.70	\$158,525.00	\$47,557.50	\$286,233.76	11.05	\$2,591,149.13
2022	\$286,233.76	\$2,100,000.00	\$175,000.00	\$140,181.48	\$5,725.00	\$1,717.50	\$2,250,059.78	47.16	\$4,770,745.62
2023	\$2,250,059.78	\$2,200,000.00	\$183,333.33	\$143,686.01	\$45,001.00	\$13,500.30	\$4,337,874.47	61.83	\$7,016,187.37
2024	\$4,337,874.47	\$2,300,000.00	\$191,666.67	\$147,278.17	\$86,757.00	\$26,027.10	\$6,551,326.20	70.25	\$9,325,823.48
2025	\$6,551,326.20	\$2,400,000.00	\$200,000.00	\$150,960.12	\$131,027.00	\$39,308.10	\$8,892,084.98	76.02	\$11,697,621.25
2026	\$8,892,084.98	\$2,450,000.00	\$204,166.67	11,032,330.59	\$177,842.00	\$53,352.60	\$434,243.79	12.47	\$3,482,043.64
2027	\$434,243.79	\$2,500,000.00	\$208,333.33	\$158,602.48	\$8,685.00	\$2,605.50	\$2,781,720.81	46.72	\$5,954,261.41
2028	\$2,781,720.81	\$2,600,000.00	\$216,666.67	\$162,567.54	\$55,634.00	\$16,690.20	\$5,258,097.07	61.86	\$8,500,454.40
2029	\$5,258,097.07	\$2,700,000.00	\$225,000.00	\$527,963.01	\$105,162.00	\$31,548.60	\$7,503,747.46	69.71	\$10,764,380.35
2030	\$7,503,747.46	\$2,800,000.00	\$233,333.33	\$170,797.52	\$150,075.00	\$45,022.50	\$10,238,002.44	76.11	\$13,451,051.26
2031	\$10,238,002.44	\$2,900,000.00	\$241,666.67	12,482,069.44	\$204,760.00	\$61,428.00	\$799,265.00	19.22	\$4,158,958.60
2032	\$799,265.00	\$3,000,000.00	\$250,000.00	\$179,444.14	\$15,985.00	\$4,795.50	\$3,631,010.36	52.18	\$6,958,987.38
2033	\$3,631,010.36	\$3,150,000.00	\$262,500.00	\$183,930.25	\$72,620.00	\$21,786.00	\$6,647,914.11	67.54	\$9,842,554.94
2034	\$6,647,914.11	\$3,200,000.00	\$266,666.67	\$188,528.50	\$132,958.00	\$39,887.40	\$9,752,456.21	76.15	\$12,807,456.14
2035	\$9,752,456.21	\$3,300,000.00	\$275,000.00	\$193,241.72	\$195,049.00	\$58,514.70	\$12,995,748.79	81.99	\$15,850,990.12
2036	\$12,995,748.79	\$3,400,000.00	\$283,333.33	14,122,315.88	\$259,915.00	\$77,974.50	\$2,455,373.41	45.97	\$5,340,742.50
2037	\$2,455,373.41	\$3,500,000.00	\$291,666.67	\$368,803.40	\$49,107.00	\$14,732.10	\$5,620,944.91	67.33	\$8,347,931.48
2038	\$5,620,944.91	\$3,600,000.00	\$300,000.00	\$208,100.19	\$112,419.00	\$33,725.70	\$9,091,538.02	78.30	\$11,610,504.02
2039	\$9,091,538.02	\$3,700,000.00	\$308,333.33	\$1,366,755.53	\$181,831.00	\$54,549.30	\$11,552,064.19	83.52	\$13,832,223.27
2040	\$11,552,064.19	\$2,900,000.00	\$241,666.67	\$218,635.27	\$231,041.00	\$69,312.30	\$14,395,157.62	83.36	\$17,268,838.51
2041	\$14,395,157.62	\$3,200,000.00	\$266,666.67	15,978,104.17	\$287,903.00	\$86,370.90	\$1,818,585.55	33.86	\$5,371,278.21
2042	\$1,818,585.55	\$3,400,000.00	\$283,333.33	\$229,703.67	\$36,372.00	\$10,911.60	\$5,014,342.28	56.01	\$8,952,283.01
2043	\$5,014,342.28	\$3,600,000.00	\$300,000.00	\$235,446.27	\$100,287.00	\$30,086.10	\$8,449,096.91	66.85	\$12,639,822.83
2044	\$8,449,096.91	\$3,700,000.00	\$308,333.33	\$764,647.85	\$168,982.00	\$50,694.60	\$11,502,736.46	72.26	\$15,917,894.94
2045	\$11,502,736.46	\$3,900,000.00	\$325,000.00	\$247,365.73	\$230,055.00	\$69,016.50	\$15,316,409.23	77.33	\$19,807,505.03
2046	\$15,316,409.23	\$3,900,000.00	\$325,000.00	18,077,758.27	\$306,328.00	\$91,898.40	\$1,353,080.56	21.32	\$6,347,504.58
Total:		85,800,000.00		89,448,147.34	3,858,897.00	1,157,669.10			

## **Reserve Budget Summary**

Homeowners,

This Summary meets the NRS 116.31151 requirement of the Annual distribution to units' owners of operating and reserve budgets. It is provided to all individual homeowners as a recap of the Reserve Study that has been adopted by the Board of Directors.

A Full Reserve Study with a site inspection is required at least every 5 years by Nevada law. The Reserve Study should be updated each year with the estimated Reserve Bank Account Balance, Real Component Costs and actual time frames. Adjustments to the Association's funding plan should be made to provide adequate funding for the required reserves.

NRS 116.31152 Study of reserves; duties of executive board regarding study; person who conducts study required to hold permit; contents of study; submission of summary of study to Division; use of money credited against residential construction tax for upkeep of park facilities and related improvements identified in study.

1. The executive board shall:

(a) At least once every 5 years, cause to be conducted a study of the reserves required to repair, replace and restore the major components of the common elements;

(b) At least annually, review the results of that study to determine whether those reserves are sufficient; and

(c) At least annually, make any adjustments to the association's funding plan which the executive board deems necessary to provide adequate funding for the required reserves.

A copy of the entire Reserve Study is available by contacting the Community Management Company.

Reserve Study Start Date: 01/01/2017

Reserve Bank Balance as of Fiscal Year Start Date: \$2,300,000.00

Recommended Annual Contribution to the Reserve Account: \$1,800,000.00

Estimated Expenditures: \$346,900.00

Projected Reserve Bank Balance at the End of the Fiscal Year: \$3,785,300.00

Planned Special Reserve Assessments: \$0.00

Study Method: Threshold Funding

Reserve Study Completed By: Reserve Study Specialist: RSS Mari Jo Betterley, 0000025, Better Reserve Consultants

**Major Components of the Common Elements to be  
Repaired, Replaced, Restored or Maintained**

Component	Today's Cost	Estimated Remaining Useful Life	Estimated Life When New
<u>Units</u>			
Units - Key Fob Entry System	670,000.00	2	20
Units - Lighting Phase 01	223,000.00	0	30
Units - Lighting Phase 02	223,000.00	1	30
Units - Lighting Phase 03	224,000.00	2	30
Units - Mattress Replacement (Every 5 Years)	113,900.00	0	1
Units - Phone System (Done 2012)	268,670.00	12	15
Units - Remodel	8,710,000.00	4	5
Units - Television Replacement Contingency	10,000.00	0	1
Units - Television System Renovation	107,200.00	2	30
Units - Wi-Fi (Done 2016)	101,170.00	20	20
<b>Total:</b>	<b>10,650,940.00</b>		



Grand Sierra Resort - FF&E



Start Date: 01/01/2017

### **Projected Expenses By Year - Decade 1 of 3**

## Projected Expenses By Year - Decade 1 of 3

## Units

Component	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Units - Key Fob Entry System	0.00	0.00	703,918.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Lighting Phase 01	223,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Lighting Phase 02	0.00	228,575.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Lighting Phase 03	0.00	0.00	235,340.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Mattress Replacement (Every 5 Years)	113,900.00	116,747.50	119,666.19	122,657.84	125,724.29	128,867.40	132,089.08	135,391.31	138,776.09	142,245.49
Units - Phone System (Done 2012)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Remodel	0.00	0.00	0.00	0.00	9,614,210.28	0.00	0.00	0.00	0.00	10,877,596.47
Units - Television Replacement Contingency	10,000.00	10,250.00	10,506.25	10,768.91	11,038.13	11,314.08	11,596.93	11,886.86	12,184.03	12,488.63
Units - Television System Renovation	0.00	0.00	112,627.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Wi-Fi (Done 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Subtotal</b>	<b>346,900.00</b>	<b>355,572.50</b>	<b>1,182,058.19</b>	<b>133,426.75</b>	<b>9,750,972.70</b>	<b>140,181.48</b>	<b>143,686.01</b>	<b>147,278.17</b>	<b>150,960.12</b>	<b>11,032,330.59</b>

**Total** 346,900.00 355,572.50 1,182,058.19 133,426.75 9,750,972.70 140,181.48 143,686.01 147,278.17 150,960.12 11,032,330.59



**Projected Expenses By Year - Decade 2 of 3**

## Projected Expenses By Year - Decade 2 of 3

## Units

Component	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
Units - Key Fob Entry System	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Lighting Phase 01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Lighting Phase 02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Lighting Phase 03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Mattress Replacement (Every 5 Years)	145,801.63	149,446.67	153,182.84	157,012.41	160,937.72	164,961.16	169,085.19	173,312.32	177,645.13	182,086.26
Units - Phone System (Done 2012)	0.00	0.00	361,331.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Remodel	0.00	0.00	0.00	0.00	12,307,001.98	0.00	0.00	0.00	0.00	13,924,243.12
Units - Television Replacement Contingency	12,800.85	13,120.87	13,448.89	13,785.11	14,129.74	14,482.98	14,845.06	15,216.18	15,596.59	15,986.50
Units - Television System Renovation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Wi-Fi (Done 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Subtotal</b>	<b>158,602.48</b>	<b>162,567.54</b>	<b>527,963.01</b>	<b>170,797.52</b>	<b>12,482,069.44</b>	<b>179,444.14</b>	<b>183,930.25</b>	<b>188,528.50</b>	<b>193,241.72</b>	<b>14,122,315.88</b>

**Total** 158,602.48 162,567.54 527,963.01 170,797.52 12,482,069.44 179,444.14 183,930.25 188,528.50 193,241.72 14,122,315.88

**Projected Expenses By Year - Decade 3 of 3**

## Projected Expenses By Year - Decade 3 of 3

## Units

Component	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	2045-46	2046-47	Total
Units - Key Fob Entry System	0.00	0.00	1,153,452.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,857,371.59
Units - Lighting Phase 01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	223,000.00
Units - Lighting Phase 02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	228,575.00
Units - Lighting Phase 03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	235,340.00
Units - Mattress Replacement (Every 5 Years)	186,638.41	191,304.37	196,086.98	200,989.16	206,013.89	211,184.23	216,443.34	221,854.42	227,400.78	233,085.80	5,000,517.90
Units - Phone System (Done 2012)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	523,315.43	0.00	0.00	884,646.71
Units - Remodel	0.00	0.00	0.00	0.00	15,754,003.02	0.00	0.00	0.00	0.00	17,824,208.40	80,301,263.27
Units - Television Replacement Contingency	16,386.16	16,795.82	17,215.71	17,646.11	18,087.26	18,539.44	19,002.93	19,478.00	19,964.95	20,464.07	439,027.04
Units - Television System Renovation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	112,627.00
Units - Wi-Fi (Done 2016)	165,778.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	165,778.83
<b>Subtotal</b>	<b>368,803.40</b>	<b>208,100.19</b>	<b>1,366,755.53</b>	<b>218,635.27</b>	<b>15,978,104.17</b>	<b>229,703.67</b>	<b>235,446.27</b>	<b>764,647.85</b>	<b>247,365.73</b>	<b>18,077,758.27</b>	<b>89,448,147.34</b>

**Total** 368,803.40 208,100.19 1,366,755.53 218,635.27 15,978,104.17 229,703.67 235,446.27 764,647.85 247,365.73 18,077,758.27 89,448,147.34

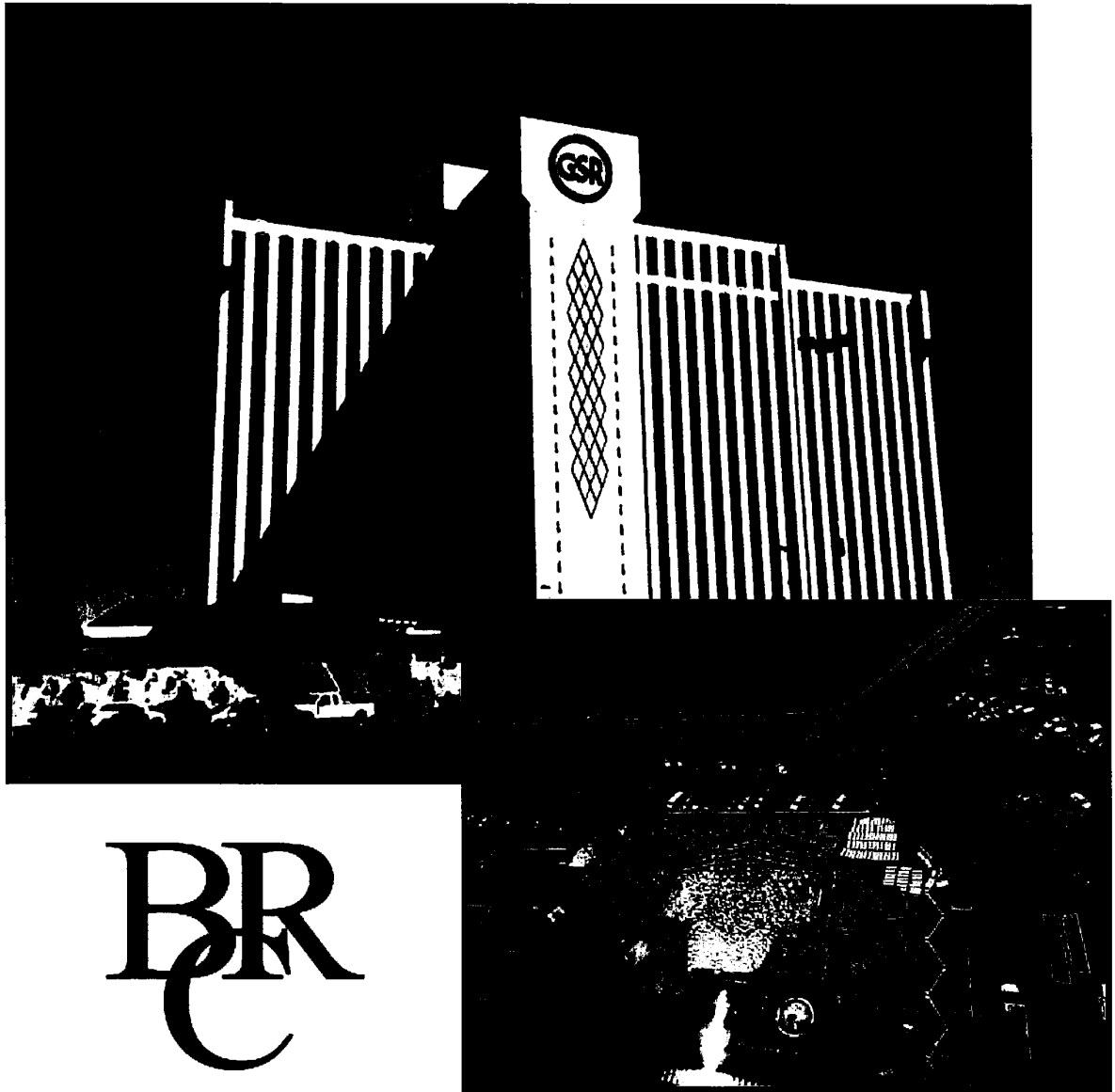
Tab 4

Tab 4

# Grand Sierra Resort - Common Area

## Full Reserve Study

Start Date: 01/01/2017



**Better Reserve Consultants**

RSS Mari Jo Betterley, RSS 0000025

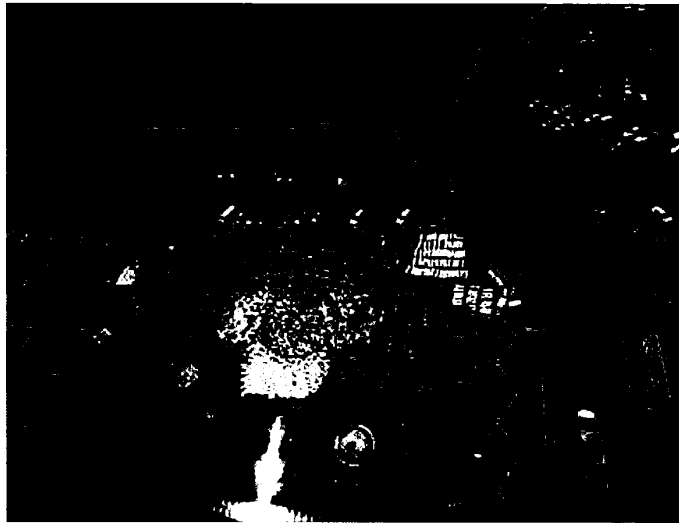
***Important Information***Reserve Study / Fiscal Year Start Date: 01/01/2017Reserve Study Site Inspection Date: July 15, 2016Number of Assessment Paying Members/ Units: 1

Reserve Bank Accounts Interest Rate and Balance as of: 01/01/2017

Reserve Bank Account	3.0%	<u>\$8,500,000.00</u>
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Total: \$8,500,000.00

Inflation Rate: 2.50% (Based on the average over the last 20 years)Income Tax Rate: 30.00% on Reserve Bank Account Interest OnlyCurrent Annual Reserve Contribution/ Transfer From Operating: \$2,000,000.00Total estimated current replacement costs of the major component inventory: \$26,338,665.70Special Reserve Assessment Recommended: \$0.00

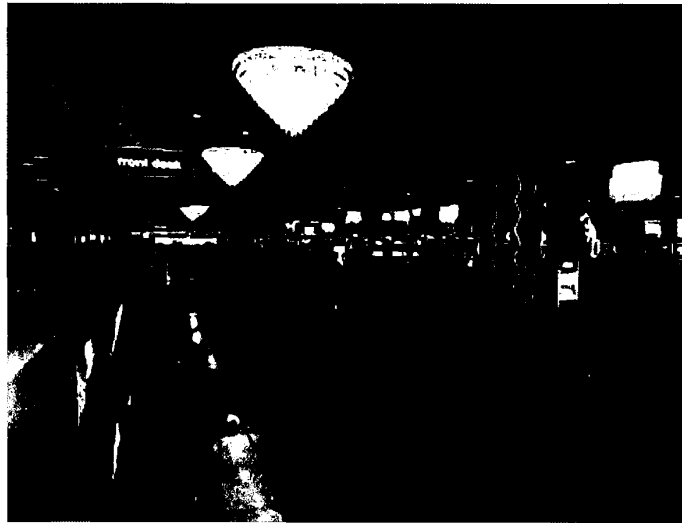


The Pool Area is considered a Hotel Common Area. Future Renovation has been included in this Study.



The Casino, Restaurants, Stage, Nightclub, Movie Theatre, Banquet Rooms, etc. have not been included in the Study because they are not provided by the Hotel, any customer may pay to use them.





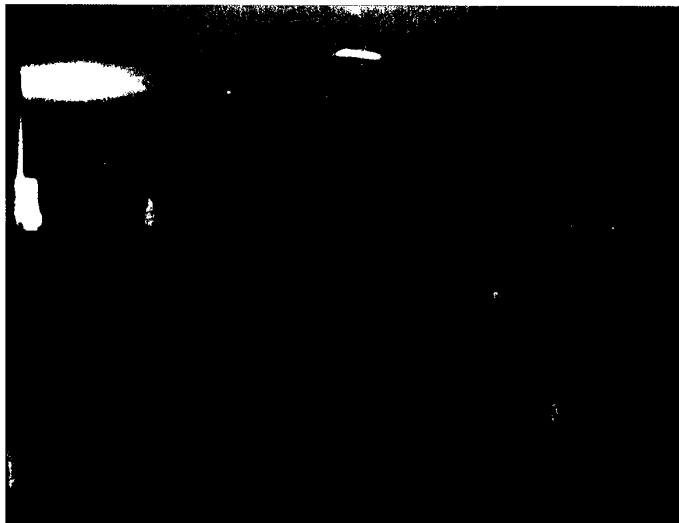
The Hotel Front Desk Area Maintenance Has been included with the "Hotel Halls and Elevators" Full Study. The Traffic Area in front of the Desk is considered Hotel Common Area.



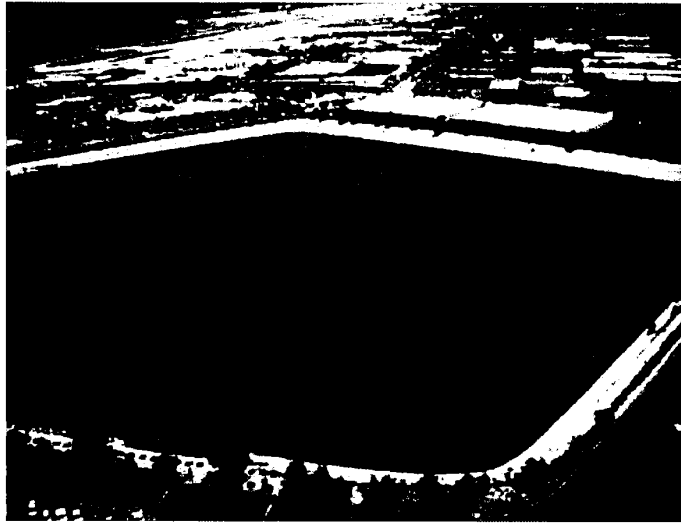
"Traffic Areas" around the Casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers.



Doors 8- Spa, 9-South, 1-Main, and 2-NW Entrances are considered Hotel Common Area. Most surfaces such as the Tile Flooring and Columns, have an estimated useful life of more than 30 years. Painting and Electrical and Lighting have been included in the Study.



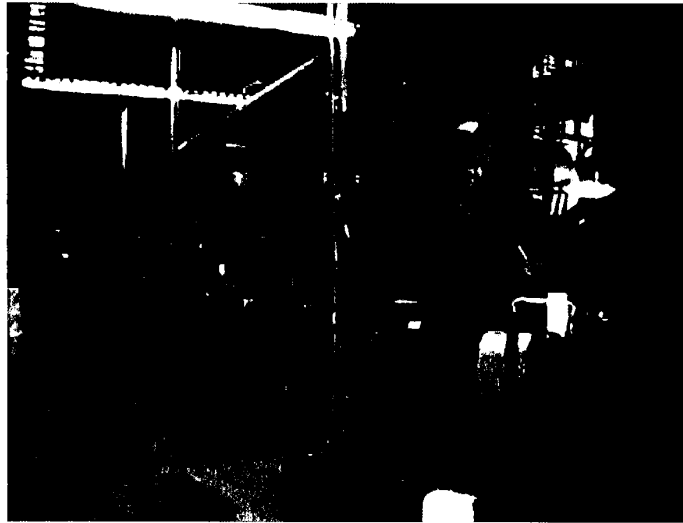
The Hallways and Elevators have been included in a Separate Study because they are for Hotel Guests only.



The Pond and Golf Arena is not included as a Hotel Common Area because it is an amenity that the public must pay for and is not restricted to Hotel Customers only.



All Utility, Mechanical and Systems have been included in the Study including the Water Pumps, Condensing Pumps, Elevators, Escalators, Boilers, Power Systems, Cooling Towers, etc.



The Estimated Replacement Costs and Useful Life was provided by Mike Gilbert, Director of Property Operations, Grand Sierra Resort, Reno, Nevada.



The Asphalt Road Maintenance Schedule includes the Surface Maintenance Treatment, Overlay, Crack Seal, Concrete Curbing Repairs and Striping and Curb Painting. This Schedule is an estimation only and should be updated when work is done.



The Asphalt Roads and Parking are considered Hotel Common Area because they are used by Hotel Guests as well as Casino Guests.

## **Component Evaluation - Concepts**

### **Common Element**

The Association CC&Rs typically define what a common element is. Usually, this is property owned in common by all the homeowners (rather than by an individual homeowner).

### **Component**

A Major Component of the common elements is any component of the common elements, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance which is included in the annual operating budget of an association.

### **Units**

A quantity chosen as a standard in terms of measurement. For Example, Square Footage, Linear Footage, a Condominium Unit, a Roof, etc.

### **Date Last Repaired/ Replaced:**

Estimated date when the Component was last Replaced, Repaired, Restored or Maintained

### **Cost Per Unit**

How much each unit of measurement costs to repair, replace, restore, or maintain

### **Today's Cost:**

Total Estimated Cost to Repair, Replace, Maintain or Restore the Component  
This may be a calculation of Costs per Unit x Number of Units or it may be a set value.

### **Estimated Life When New**

Estimated Time Frame that the Component should last before it is Repaired, Replaced, Restored or Maintained. This may be based on a Warranty, Historical Life Span, Manufactures/ Contractors opinion, location, etc.

### **Estimated Remaining Useful Life:**

The Estimated amount of time that the component will actually last from today  
This may be a calculation based on Estimated Useful Life When New minus the actual age or it could be based on other factors such as wear, condition, climate etc.

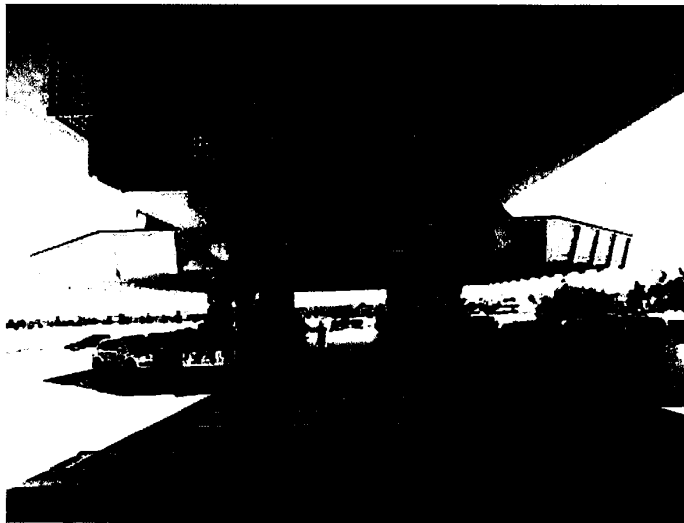


### Building Exterior

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Building Exterior - Painting	2018	all	750000.00	750000.00	1	20
Building Exterior - Roof 27th Floor	2017	1 unit	56000.00	56000.00	0	20
Building Exterior - Roof Ballroom	2019	1 unit	330000.00	330000.00	2	20
Building Exterior - Roof Casino	2018	1 unit	380000.00	380000.00	1	20
Building Exterior - Roof East Roof	2018	1 unit	125000.00	125000.00	1	20
Building Exterior - Roof Main Dock	2017	1 unit	80000.00	80000.00	0	20
Building Exterior - Roof Main Summit Pavilion	2022	1 unit	200000.00	200000.00	5	20
Building Exterior - Roof North Way Roof	2022	1 unit	35000.00	35000.00	5	20
Building Exterior - Roof Restaurant Row	2017	1 unit	300000.00	300000.00	0	20
Building Exterior - Roof South Roof	2017	1 unit	70000.00	70000.00	0	20
Building Exterior - Roof Theatre	2018	1 unit	10000.00	10000.00	1	20
Building Exterior - Window Replacement	Annual	as needed	25000.00	25000.00	0	1

## Grand Sierra Resort - Common Area

Start Date: 01/01/2017



## Common Area

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Common Area - Component: Airport Vehicles	Annual	1 unit	20000.00	20000.00	0	1
Common Area - Component: Equipment Contingency	Annual	as needed	20000.00	20000.00	0	1
Common Area - Component: Exterior Entrance Area Painting/ Renovation (Doors 1, 2, 8 and 9)	2021	4 units	10000.00/unit	40000.00	4	5
Common Area - Component: Interior Equipment Contingency	Annual	as needed	3000.00	3000.00	0	1
Common Area - Component: Traffic Areas Remodel Contingency	Annual	as needed	50000.00	50000.00	0	1
Common Area - Landscaping Renovation Contingency	2021	as needed	100000.00	100000.00	4	5
Common Area - Lighting and Electrical Contingency	2021	as needed	10000.00	10000.00	4	5
Common Area - Security Fire System Upgrade	2022	1 unit	3500000.00	3500000.00	5	30
Common Area - Security Monitoring System	2022	1 unit	1000000.00	1000000.00	5	30



**Common Area (Continued)**

<b>Component</b>	<b>Year Scheduled</b>	<b>Units</b>	<b>Cost Per Unit</b>	<b>Today's Cost</b>	<b>Estimated Remaining Useful Life (Years)</b>	<b>Estimated Life When New (Years)</b>
Common Area - Signage	2026	as needed	1800000.00	1800000.00	9	10
Common Area - Signage Marquis at Freeway (Replaced 2016)	2026	as needed	750000.00	750000.00	9	10
Common Area - Signage Parking Lot Monument Signage (35 Units)	2017	as needed	40000.00	40000.00	0	10



### Roads and Parking

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Roads and Parking - Removal and Reconstruction Area 1 (Pink)	2022	117050 sq ft	2.50/sq ft	292625.00	5	20
Roads and Parking - Removal and Reconstruction Area 2 (Red)	2022	211463 sq ft	2.50/sq ft	528657.50	5	20
Roads and Parking - Removal and Reconstruction Area 3 (Blue)	2023	326799 sq ft	2.50/sq ft	816997.50	6	20
Roads and Parking - Removal and Reconstruction Area 4 (Orange)	2032	176167 sq ft	2.50/sq ft	440417.50	15	20
Roads and Parking - Removal and Reconstruction Area 5 (White)	2022	363282 sq ft	2.50/sq ft	908205.00	5	20
Roads and Parking - Removal and Reconstruction Area 6 (Yellow)	2022	239143 sq ft	2.50/sq ft	597857.50	5	20
Roads and Parking - Removal and Reconstruction Area 7 (Brown)	2022	70432 sq ft	2.50/sq ft	176080.00	5	20

**Roads and Parking (Continued)**

<b>Component</b>	<b>Year Scheduled</b>	<b>Units</b>	<b>Cost Per Unit</b>	<b>Today's Cost</b>	<b>Estimated Remaining Useful Life (Years)</b>	<b>Estimated Life When New (Years)</b>
Roads and Parking - Removal and Reconstruction Area 8 (Green)	2022	189749 sq ft	2.50/sq ft	474372.50	5	20
Roads and Parking - Removal and Reconstruction Area Ring Road (Purple)(Done 2016)	2036	630606 sq ft	2.50/sq ft	1576515.00	19	20
Roads and Parking - Surface Maintenance Treatment Area 1 (Pink)	2017	117050 sq ft	0.20/sq ft	23410.00	0	5
Roads and Parking - Surface Maintenance Treatment Area 2 (Red)	2017	211463 sq ft	0.20/sq ft	42292.60	0	5
Roads and Parking - Surface Maintenance Treatment Area 3 (Blue)	2017	326799 sq ft	0.20/sq ft	65359.80	0	5
Roads and Parking - Surface Maintenance Treatment Area 4 (Orange)	2017	176167 sq ft	0.20/sq ft	35233.40	0	5
Roads and Parking - Surface Maintenance Treatment Area 5 (White)	2017	363282 sq ft	0.20/sq ft	72656.40	0	5
Roads and Parking - Surface Maintenance Treatment Area 6 (Yellow)	2017	239143 sq ft	0.20/sq ft	47828.60	0	5
Roads and Parking - Surface Maintenance Treatment Area 7 (Brown)	2017	70432 sq ft	0.20/sq ft	14086.40	0	5
Roads and Parking - Surface Maintenance Treatment Area 8 (Green)	2017	189749 sq ft	0.20/sq ft	37949.80	0	5
Roads and Parking - Surface Maintenance Treatment Ring Road (Overlay Done 2016)	2021	630606 sq ft	0.20/sq ft	126121.20	4	5



### Utilities/ Mechanical/ Systems

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Utilities/ Mechanical/ Systems - Boiler	Annual	1 unit	15000.00	15000.00	0	1
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 1	2018	1 unit	100000.00	100000.00	1	30
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 2	2019	1 unit	100000.00	100000.00	2	30
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 3	2020	1 unit	100000.00	100000.00	3	30
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 4	2021	1 unit	100000.00	100000.00	4	30
Utilities/ Mechanical/ Systems - Component: Air Handlers	2017	as needed	42000.00	1092000.00	0	20
Utilities/ Mechanical/ Systems - Component: Building Management System (Done 2016)	2036	1 unit	90000.00	90000.00	19	20
Utilities/ Mechanical/ Systems - Component: Chiller 1	2027	1 unit	1800000.00	1800000.00	10	30
Utilities/ Mechanical/ Systems - Component: Chiller 2	2027	1 unit	1800000.00	1800000.00	10	30

**Utilities/ Mechanical/ Systems (Continued)**

<b>Component</b>	<b>Year Scheduled</b>	<b>Units</b>	<b>Cost Per Unit</b>	<b>Today's Cost</b>	<b>Estimated Remaining Useful Life (Years)</b>	<b>Estimated Life When New (Years)</b>
Utilities/ Mechanical/ Systems - Component: Chiller 3	2022	1 unit	1800000.00	1800000.00	5	30
Utilities/ Mechanical/ Systems - Component: Cooling Towers Media	2020	1 unit	170000.00	170000.00	3	5
Utilities/ Mechanical/ Systems - Component: Cooling Towers Pump Valves	2018	1 unit	300000.00	300000.00	1	10
Utilities/ Mechanical/ Systems - Component: Cooling Towers Pumps (Replaced 2011)	2022	1 unit	130000.00	130000.00	5	10
Utilities/ Mechanical/ Systems - Component: Cooling Towers Pumps Back Up	2019	3 units	125000.00/unit	375000.00	2	20
Utilities/ Mechanical/ Systems - Component: Emergency Power Generator Elevator	2022	1 unit	150000.00	150000.00	5	30
Utilities/ Mechanical/ Systems - Component: Emergency Power Generator Tower 01	2018	1 unit	100000.00	100000.00	1	30
Utilities/ Mechanical/ Systems - Component: Emergency Power Generator Tower 02	2018	1 unit	150000.00	150000.00	1	30
Utilities/ Mechanical/ Systems - Component: Power Feed Phase 1& 2	2046	1 unit	43000.00	43000.00	29	30
Utilities/ Mechanical/ Systems - Component: Power Feed Phase 3	2017	1 unit	18000.00	18000.00	0	30
Utilities/ Mechanical/ Systems - Component: Power Transfer Switches for Emergency (Done 2016)	2046	1 unit	50000.00	50000.00	29	30
Utilities/ Mechanical/ Systems - Component: Soft Water System	2019	1 unit	40000.00	40000.00	2	12
Utilities/ Mechanical/ Systems - Component: Thermostats (Done 2016)	2036	1 unit	600000.00	600000.00	19	20

**Utilities/ Mechanical/ Systems (Continued)**

<b>Component</b>	<b>Year Scheduled</b>	<b>Units</b>	<b>Cost Per Unit</b>	<b>Today's Cost</b>	<b>Estimated Remaining Useful Life (Years)</b>	<b>Estimated Life When New (Years)</b>
Utilities/ Mechanical/ Systems - Component: Water Pumps- Chilled, Left, 2 Riser Pumps, Soft Starters on 2 Chillers	2026	1 unit	450000.00	450000.00	9	10
Utilities/ Mechanical/ Systems - Component: Water Pumps- Condensing (Done 2016)	2046	1 unit	750000.00	750000.00	29	30
Utilities/ Mechanical/ Systems - Water Domestic VFD's Replacement	2017	1 unit	45000.00	45000.00	0	15

**Reserve Study**

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Reserve Study - Annual Update (Total Cost Included in the FFE Study)	Annual	ea	0.00	0.00	0	1
Reserve Study - Update with Site Inspection (Total Cost Included in the FFE Study)	2019	1 unit	0.00	0.00	2	3

**5 Year Planned Expenditures***This is where you will spend your money in the next 5 years***2017**

Building Exterior - Roof 27th Floor	\$56,000.00
Building Exterior - Roof Main Dock	\$80,000.00
Building Exterior - Roof Restaurant Row	\$300,000.00
Building Exterior - Roof South Roof	\$70,000.00
Building Exterior - Window Replacement	\$25,000.00
Common Area - Component: Airport Vehicles	\$20,000.00
Common Area - Component: Equipment Contingency	\$20,000.00
Common Area - Component: Interior Equipment Contingency	\$3,000.00
Common Area - Component: Traffic Areas Remodel Contingency	\$50,000.00
Common Area - Signage Parking Lot Monument Signage (35 Units)	\$40,000.00
Roads and Parking - Surface Maintenance Treatment Area 1 (Pink)	\$23,410.00
Roads and Parking - Surface Maintenance Treatment Area 2 (Red)	\$42,292.60
Roads and Parking - Surface Maintenance Treatment Area 3 (Blue)	\$65,359.80
Roads and Parking - Surface Maintenance Treatment Area 4 (Orange)	\$35,233.40
Roads and Parking - Surface Maintenance Treatment Area 5 (White)	\$72,656.40
Roads and Parking - Surface Maintenance Treatment Area 6 (Yellow)	\$47,828.60
Roads and Parking - Surface Maintenance Treatment Area 7 (Brown)	\$14,086.40
Roads and Parking - Surface Maintenance Treatment Area 8 (Green)	\$37,949.80
Utilities/ Mechanical/ Systems - Boiler	\$15,000.00
Utilities/ Mechanical/ Systems - Component: Air Handlers	\$1,092,000.00
Utilities/ Mechanical/ Systems - Component: Power Feed Phase 3	\$18,000.00
Utilities/ Mechanical/ Systems - Water Domestic VFD's Replacement	\$45,000.00



<b>Total</b>	<b>\$2,172,817.00</b>
<b>2018</b>	
Building Exterior - Painting	\$768,750.00
Building Exterior - Roof Casino	\$389,500.00
Building Exterior - Roof East Roof	\$128,125.00
Building Exterior - Roof Theatre	\$10,250.00
Building Exterior - Window Replacement	\$25,625.00
Common Area - Component: Airport Vehicles	\$20,500.00
Common Area - Component: Equipment Contingency	\$20,500.00
Common Area - Component: Interior Equipment Contingency	\$3,075.00
Common Area - Component: Traffic Areas Remodel Contingency	\$51,250.00
Utilities/ Mechanical/ Systems - Boiler	\$15,375.00
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 1	\$102,500.00
Utilities/ Mechanical/ Systems - Component: Cooling Towers Pump Valves	\$307,500.00
Utilities/ Mechanical/ Systems - Component: Emergency Power Generator Tower 01	\$102,500.00
Utilities/ Mechanical/ Systems - Component: Emergency Power Generator Tower 02	\$153,750.00
<b>Total</b>	<b>\$2,099,200.00</b>

**2019**

Building Exterior - Roof Ballroom	\$346,706.25
Building Exterior - Window Replacement	\$26,265.63
Common Area - Component: Airport Vehicles	\$21,012.50
Common Area - Component: Equipment Contingency	\$21,012.50
Common Area - Component: Interior Equipment Contingency	\$3,151.88
Common Area - Component: Traffic Areas Remodel Contingency	\$52,531.25
Utilities/ Mechanical/ Systems - Boiler	\$15,759.38
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 2	\$105,062.50
Utilities/ Mechanical/ Systems - Component: Cooling Towers Pumps Back Up	\$393,984.38
Utilities/ Mechanical/ Systems - Component: Soft Water System	\$42,025.00
<b>Total</b>	<b>\$1,027,511.27</b>

**2020**

Building Exterior - Window Replacement	\$26,922.27
Common Area - Component: Airport Vehicles	\$21,537.81
Common Area - Component: Equipment Contingency	\$21,537.81
Common Area - Component: Interior Equipment Contingency	\$3,230.67
Common Area - Component: Traffic Areas Remodel Contingency	\$53,844.53
Utilities/ Mechanical/ Systems - Boiler	\$16,153.36
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 3	\$107,689.06
Utilities/ Mechanical/ Systems - Component: Cooling Towers Media	\$183,071.41
<b>Total</b>	<b>\$433,986.92</b>

**2021**

Building Exterior - Window Replacement	\$27,595.32
Common Area - Component: Airport Vehicles	\$22,076.26
Common Area - Component: Equipment Contingency	\$22,076.26
Common Area - Component: Exterior Entrance Area Painting/ Renovation (Doors 1, 2, 8 and 9)	\$44,152.52
Common Area - Component: Interior Equipment Contingency	\$3,311.44
Common Area - Component: Traffic Areas Remodel Contingency	\$55,190.64
Common Area - Landscaping Renovation Contingency	\$110,381.29
Common Area - Lighting and Electrical Contingency	\$11,038.13
Roads and Parking - Surface Maintenance Treatment Ring Road (Overlay Done 2016)	\$139,214.21
Utilities/ Mechanical/ Systems - Boiler	\$16,557.19
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 4	\$110,381.29
<b>Total</b>	<b>\$561,974.55</b>

### Recommended Reserve Contribution and Funding Levels - Concepts

<b>Beginning of the Year Balance</b>	Reserve Bank Account(s) Balance as of the Beginning of the year
<b>Annual Transfer</b>	Recommended Transfer or Annual Contribution to the Reserve Account
<b>Monthly Contribution per Unit</b>	An example of the amount of money that each unit owner would contribute to the Reserve Bank Account each month
<b>Annual Expenditures</b>	Estimated Expenditures based on the Component Evaluation
<b>Investment Earnings</b>	Dollar Amount of Interest contributed to the Reserve Account based on the percent interest rate on the Reserve Bank Account - Provided by the Management Company or Board of Directors.
<b>Income Tax</b>	Estimated Income Tax - 30% of the Reserve Bank Account(s) earned interest
<b>End of the Year Balance</b>	Recommended Reserve Bank Account Ending Balance at the end of the Fiscal Year
<b>% Funded</b>	A Measure of the financial health of the Association based on funding the depreciation of each Component. The chart below indicates the financial position based on the Percent Funded.
<b>Fully Funded- 100% Funded</b>	Funding of 100% of the depreciation of each Component.

**0% - 40% Funded is considered to be a "weak" financial position. Associations that fall into this category must take action to bring the funding levels to a proper level by raising the monthly/ annual contribution or a Special Reserve Assessment.**

**40% - 74% Funded is considered to be a "fair" financial position. This does not represent financial strength and stability. The likelihood of a Special Assessment is still possible. The Association should make every effort to continue strengthening the financial position of the Reserve Fund.**

**75% - 99% Funded is considered a "strong" financial position. This indicates financial strength of a Reserve Fund and every attempt to maintain this level should be a goal of the Association.**

**100% Funded or Greater is the "ideal" financial position. This means that the Association has the funds in the Reserve Account in order to repair, replace, restore or maintain the Common Elements based on their depreciation. Some Reserve Studies will fund the Reserves up to 130% Funded. In some instances, the Reserve Fund may be over the 100% funding mark in order to prepare for larger costs that will impact the Reserve Account in the future.**

## Recommended Reserve Contribution

Year Funded	Beginning of Year Balance	Annual Transfer	Member Monthly Pmt	Annual Expenditures	Interest Earned	Income Tax	End of Year Balance	% Funded	Fully Funded (100%) Balance
2017	\$8,500,000.00	\$2,000,000.00	\$166,666.67	\$2,172,817.00	\$170,000.00	\$51,000.00	\$8,446,183.00	51.23	\$16,487,314.01
2018	\$8,446,183.00	\$2,000,000.00	\$166,666.67	\$2,099,200.00	\$168,924.00	\$50,677.20	\$8,465,229.80	51.77	\$16,352,670.86
2019	\$8,465,229.80	\$2,000,000.00	\$166,666.67	\$1,027,511.27	\$169,305.00	\$50,791.50	\$9,556,232.03	55.20	\$17,311,901.00
2020	\$9,556,232.03	\$2,000,000.00	\$166,666.67	\$433,986.92	\$191,125.00	\$57,337.50	\$11,256,032.61	59.55	\$18,902,586.67
2021	\$11,256,032.61	\$2,000,000.00	\$166,666.67	\$561,974.55	\$225,121.00	\$67,536.30	\$12,851,642.76	62.94	\$20,419,727.47
2022	\$12,851,642.76	\$2,000,000.00	\$166,666.67	\$1,613,469.15	\$257,033.00	\$77,109.90	\$3,418,096.71	30.70	\$11,133,293.72
2023	\$3,418,096.71	\$2,000,000.00	\$166,666.67	\$1,101,705.85	\$68,362.00	\$20,508.60	\$4,364,244.26	35.88	\$12,163,080.61
2024	\$4,364,244.26	\$2,000,000.00	\$166,666.67	\$158,095.22	\$87,285.00	\$26,185.50	\$6,267,248.54	44.20	\$14,180,804.46
2025	\$6,267,248.54	\$2,500,000.00	\$208,333.33	\$369,176.07	\$125,345.00	\$37,603.50	\$8,485,813.97	52.84	\$16,058,908.77
2026	\$8,485,813.97	\$2,500,000.00	\$208,333.33	\$4,257,525.24	\$169,716.00	\$50,914.80	\$6,847,089.93	48.24	\$14,193,677.02
2027	\$6,847,089.93	\$2,500,000.00	\$208,333.33	\$5,263,473.37	\$136,942.00	\$41,082.60	\$4,179,475.96	36.71	\$11,385,545.57
2028	\$4,179,475.96	\$2,500,000.00	\$208,333.33	\$568,133.52	\$63,590.00	\$25,077.00	\$6,169,855.44	46.62	\$13,235,468.96
2029	\$6,169,855.44	\$2,500,000.00	\$208,333.33	\$178,870.22	\$123,397.00	\$37,019.10	\$8,577,363.12	55.18	\$15,544,674.67
2030	\$8,577,363.12	\$2,500,000.00	\$208,333.33	\$417,688.85	\$171,547.00	\$51,464.10	\$10,779,757.17	60.90	\$17,699,504.27
2031	\$10,779,757.17	\$2,500,000.00	\$208,333.33	\$634,596.50	\$215,595.00	\$64,678.50	\$12,796,077.17	64.89	\$19,720,592.43
2032	\$12,796,077.17	\$2,500,000.00	\$208,333.33	\$1,574,639.73	\$255,922.00	\$76,776.60	\$13,900,582.84	66.52	\$20,897,754.43
2033	\$13,900,582.84	\$2,500,000.00	\$208,333.33	\$197,439.24	\$278,012.00	\$83,403.60	\$16,397,752.00	69.78	\$23,499,351.24
2034	\$16,397,752.00	\$2,500,000.00	\$208,333.33	\$202,375.23	\$327,955.00	\$98,386.50	\$18,924,945.27	72.30	\$26,176,010.96
2035	\$18,924,945.27	\$2,500,000.00	\$208,333.33	\$472,576.59	\$378,499.00	\$113,549.70	\$21,217,317.98	74.01	\$28,666,809.90
2036	\$21,217,317.98	\$3,000,000.00	\$250,000.00	\$9,073,356.85	\$424,346.00	\$127,303.80	\$15,441,003.33	67.72	\$22,802,080.51
2037	\$15,441,003.33	\$3,000,000.00	\$250,000.00	\$3,457,180.83	\$308,820.00	\$92,646.00	\$15,199,996.50	67.59	\$22,488,623.38
2038	\$15,199,996.50	\$3,000,000.00	\$250,000.00	\$2,851,930.00	\$304,000.00	\$91,200.00	\$15,560,866.50	68.12	\$22,844,306.21
2039	\$15,560,866.50	\$3,000,000.00	\$250,000.00	\$1,442,676.82	\$311,217.00	\$93,365.10	\$17,336,041.58	70.29	\$24,663,767.81
2040	\$17,336,041.58	\$3,000,000.00	\$250,000.00	\$534,677.03	\$346,721.00	\$104,016.30	\$20,044,069.25	72.98	\$27,464,834.86
2041	\$20,044,069.25	\$3,000,000.00	\$250,000.00	\$739,988.14	\$400,881.00	\$120,264.30	\$22,584,697.81	74.88	\$30,160,165.07
2042	\$22,584,697.81	\$3,000,000.00	\$250,000.00	\$7,072,082.02	\$451,694.00	\$135,508.20	\$18,828,801.59	70.42	\$26,736,365.09
2043	\$18,828,801.59	\$3,000,000.00	\$250,000.00	\$1,881,285.03	\$376,576.00	\$112,972.80	\$20,211,119.76	70.99	\$28,471,416.99
2044	\$20,211,119.76	\$3,000,000.00	\$250,000.00	\$259,057.40	\$404,222.00	\$121,266.60	\$23,235,017.76	72.85	\$31,894,191.34
2045	\$23,235,017.76	\$3,000,000.00	\$250,000.00	\$604,938.00	\$464,700.00	\$139,410.00	\$25,955,369.76	73.98	\$35,082,145.65
2046	\$25,955,369.76	\$3,000,000.00	\$250,000.00	\$8,701,572.28	\$519,107.00	\$155,732.10	\$20,617,172.38	67.74	\$30,434,168.43
Total:		76,500,000.00		69,923,998.92	7,915,959.00	2,374,787.70			

## **Reserve Budget Summary**

Homeowners,

This Summary meets the NRS 116.31151 requirement of the Annual distribution to units' owners of operating and reserve budgets. It is provided to all individual homeowners as a recap of the Reserve Study that has been adopted by the Board of Directors.

A Full Reserve Study with a site inspection is required at least every 5 years by Nevada law. The Reserve Study should be updated each year with the estimated Reserve Bank Account Balance, Real Component Costs and actual time frames. Adjustments to the Association's funding plan should be made to provide adequate funding for the required reserves.

NRS 116.31152 Study of reserves; duties of executive board regarding study; person who conducts study required to hold permit; contents of study; submission of summary of study to Division; use of money credited against residential construction tax for upkeep of park facilities and related improvements identified in study.

1. The executive board shall:

(a) At least once every 5 years, cause to be conducted a study of the reserves required to repair, replace and restore the major components of the common elements;

(b) At least annually, review the results of that study to determine whether those reserves are sufficient; and

(c) At least annually, make any adjustments to the association's funding plan which the executive board deems necessary to provide adequate funding for the required reserves.

A copy of the entire Reserve Study is available by contacting the Community Management Company.

Reserve Study Start Date: 01/01/2017

Reserve Bank Balance as of Fiscal Year Start Date: \$8,500,000.00

Recommended Annual Contribution to the Reserve Account: \$2,000,000.00

Estimated Expenditures: \$2,172,817.00

Projected Reserve Bank Balance at the End of the Fiscal Year: \$8,446,183.00

Planned Special Reserve Assessments: \$0.00

Study Method: Threshold Funding

Reserve Study Completed By: Reserve Study Specialist: RSS Mari Jo Betterley, 0000025, Better Reserve Consultants

**Major Components of the Common Elements to be  
Repaired, Replaced, Restored or Maintained**

<b>Component</b>	<b>Today's Cost</b>	<b>Estimated Remaining Useful Life</b>	<b>Estimated Life When New</b>
<b><u>Building Exterior</u></b>			
Building Exterior - Painting	750,000.00	1	20
Building Exterior - Roof 27th Floor	56,000.00	0	20
Building Exterior - Roof Ballroom	330,000.00	2	20
Building Exterior - Roof Casino	380,000.00	1	20
Building Exterior - Roof East Roof	125,000.00	1	20
Building Exterior - Roof Main Dock	80,000.00	0	20
Building Exterior - Roof Main Summit Pavilion	200,000.00	5	20
Building Exterior - Roof North Way Roof	35,000.00	5	20
Building Exterior - Roof Restaurant Row	300,000.00	0	20
Building Exterior - Roof South Roof	70,000.00	0	20
Building Exterior - Roof Theatre	10,000.00	1	20
Building Exterior - Window Replacement	25,000.00	0	1
<b><u>Common Area</u></b>			
Common Area - Component: Airport Vehicles	20,000.00	0	1
Common Area - Component: Equipment Contingency	20,000.00	0	1
Common Area - Component: Exterior Entrance Area Painting/ Renovation (Doors 1, 2, 8 and 9)	40,000.00	4	5
Common Area - Component: Interior Equipment Contingency	3,000.00	0	1
Common Area - Component: Traffic Areas Remodel Contingency	50,000.00	0	1
Common Area - Landscaping Renovation Contingency	100,000.00	4	5
Common Area - Lighting and Electrical Contingency	10,000.00	4	5
Common Area - Security Fire System Upgrade	3,500,000.00	5	30
Common Area - Security Monitoring System	1,000,000.00	5	30
Common Area - Signage	1,800,000.00	9	10
Common Area - Signage Marquis at Freeway (Replaced 2016)	750,000.00	9	10
Common Area - Signage Parking Lot Monument Signage (35 Units)	40,000.00	0	10
<b><u>Reserve Study</u></b>			
Reserve Study - Annual Update (Total Cost Included in the FFE Study)	0.00	0	1
Reserve Study - Update with Site Inspection (Total Cost Included in the FFE Study)	0.00	2	3
<b><u>Roads and Parking</u></b>			
Roads and Parking - Removal and Reconstruction Area 1 (Pink)	292,625.00	5	20
Roads and Parking - Removal and Reconstruction Area 2 (Red)	528,657.50	5	20
Roads and Parking - Removal and Reconstruction Area 3 (Blue)	816,997.50	6	20
Roads and Parking - Removal and Reconstruction Area 4 (Orange)	440,417.50	15	20
Roads and Parking - Removal and Reconstruction Area 5 (White)	908,205.00	5	20

Roads and Parking - Removal and Reconstruction Area 6 (Yellow)	597,857.50	5	20
Roads and Parking - Removal and Reconstruction Area 7 (Brown)	176,080.00	5	20
Roads and Parking - Removal and Reconstruction Area 8 (Green)	474,372.50	5	20
Roads and Parking - Removal and Reconstruction Area Ring Road (Purple)( Done 2016)	1,576,515.00	19	20
Roads and Parking - Surface Maintenance Treatment Area 1 (Pink)	23,410.00	0	5
Roads and Parking - Surface Maintenance Treatment Area 2 (Red)	42,292.60	0	5
Roads and Parking - Surface Maintenance Treatment Area 3 (Blue)	65,359.80	0	5
Roads and Parking - Surface Maintenance Treatment Area 4 (Orange)	35,233.40	0	5
Roads and Parking - Surface Maintenance Treatment Area 5 (White)	72,656.40	0	5
Roads and Parking - Surface Maintenance Treatment Area 6 (Yellow)	47,828.60	0	5
Roads and Parking - Surface Maintenance Treatment Area 7 (Brown)	14,086.40	0	5
Roads and Parking - Surface Maintenance Treatment Area 8 (Green)	37,949.80	0	5
Roads and Parking - Surface Maintenance Treatment Ring Road (Overlay Done 2016)	126,121.20	4	5

#### **Utilities/ Mechanical/ Systems**

Utilities/ Mechanical/ Systems - Boiler	15,000.00	0	1
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 1	100,000.00	1	30
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 2	100,000.00	2	30
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 3	100,000.00	3	30
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 4	100,000.00	4	30
Utilities/ Mechanical/ Systems - Component: Air Handlers	1,092,000.00	0	20
Utilities/ Mechanical/ Systems - Component: Building Management System (Done 2016)	90,000.00	19	20
Utilities/ Mechanical/ Systems - Component: Chiller 1	1,800,000.00	10	30
Utilities/ Mechanical/ Systems - Component: Chiller 2	1,800,000.00	10	30
Utilities/ Mechanical/ Systems - Component: Chiller 3	1,800,000.00	5	30
Utilities/ Mechanical/ Systems - Component: Cooling Towers Media	170,000.00	3	5
Utilities/ Mechanical/ Systems - Component: Cooling Towers Pump Valves	300,000.00	1	10
Utilities/ Mechanical/ Systems - Component: Cooling Towers Pumps (Replaced 2011)	130,000.00	5	10
Utilities/ Mechanical/ Systems - Component: Cooling Towers Pumps Back Up	375,000.00	2	20
Utilities/ Mechanical/ Systems - Component: Emergency Power Generator Elevator	150,000.00	5	30
Utilities/ Mechanical/ Systems - Component: Emergency Power Generator Tower 01	100,000.00	1	30
Utilities/ Mechanical/ Systems - Component: Emergency Power Generator Tower 02	150,000.00	1	30
Utilities/ Mechanical/ Systems - Component: Power Feed Phase 1& 2	43,000.00	29	30
Utilities/ Mechanical/ Systems - Component: Power Feed Phase 3	18,000.00	0	30
Utilities/ Mechanical/ Systems - Component: Power Transfer Switches for Emergency (Done 2016)	50,000.00	29	30
Utilities/ Mechanical/ Systems - Component: Soft Water System	40,000.00	2	12



Utilities/ Mechanical/ Systems - Component: Thermostats (Done 2016)	600,000.00	19	20
Utilities/ Mechanical/ Systems - Component: Water Pumps- Chilled, Left, 2 Riser Pumps, Soft Starters on 2 Chillers	450,000.00	9	10
Utilities/ Mechanical/ Systems - Component: Water Pumps- Condensing (Done 2016)	750,000.00	29	30
Utilities/ Mechanical/ Systems - Water Domestic VFD's Replacement	45,000.00	0	15

**Total:** 26,338,665.70

**Projected Expenses By Year - Decade 1 of 3****Building Exterior**

Component	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Building Exterior - Painting	0.00	766,750.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof 27th Floor	56,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof Ballroom	0.00	0.00	346,706.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof Casino	0.00	389,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof East Roof	0.00	128,125.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof Main Dock	80,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof Main Summit Pavilion	0.00	0.00	0.00	0.00	0.00	226,281.64	0.00	0.00	0.00	0.00
Building Exterior - Roof North Way Roof	0.00	0.00	0.00	0.00	0.00	39,599.29	0.00	0.00	0.00	0.00
Building Exterior - Roof Restaurant Row	300,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof South Roof	70,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof Theatre	0.00	10,250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

## Projected Expenses By Year - Decade 1 of 3

Common Area - Lighting and Electrical Contingency	0.00	0.00	0.00	0.00	11,038.13	0.00	0.00	0.00	0.00	12,488.63
Common Area - Security Fire System Upgrade	0.00	0.00	0.00	0.00	0.00	3,959,928.75	0.00	0.00	0.00	0.00
Common Area - Security Monitoring System	0.00	0.00	0.00	0.00	0.00	1,131,408.21	0.00	0.00	0.00	0.00
Common Area - Signage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,247,953.35
Common Area - Signage Marquis at Freeway (Replaced 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	936,647.23
Common Area - Signage Parking Lot Monument Signage (35 Units)	40,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Subtotal</b>	<b>133,000.00</b>	<b>95,325.00</b>	<b>97,708.13</b>	<b>100,150.82</b>	<b>268,226.54</b>	<b>5,196,557.91</b>	<b>107,851.49</b>	<b>110,547.79</b>	<b>113,311.47</b>	<b>3,488,074.29</b>



## Projected Expenses By Year - Decade 1 of 3

## Utilities/ Mechanical/ Systems

Component	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Utilities/ Mechanical/ Systems - Boiler	15,000.00	15,375.00	15,750.38	16,153.36	16,557.19	16,971.12	17,395.40	17,830.29	18,276.04	18,732.94
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 1	0.00	102,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 2	0.00	0.00	105,062.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 3	0.00	0.00	0.00	107,689.06	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 4	0.00	0.00	0.00	0.00	110,381.29	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Air Handlers	1,092,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Building Management System (Done 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Chiller 1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Chiller 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Chiller 3	0.00	0.00	0.00	0.00	0.00	2,036,534.78	0.00	0.00	0.00	0.00

## Projected Expenses By Year - Decade 1 of 3

Utilities/ Mechanical/ Systems - Component: Power Feed Phase 3	18,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Power Transfer Switches for Emergency (Done 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Soft Water System	0.00	0.00	42,025.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Thermostats (Done 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Water Pumps- Chilled, Left, 2 Riser Pumps, Soft Starters on 2 Chillers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	561,988.34
Utilities/ Mechanical/ Systems - Component: Water Pumps- Condensing (Done 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Water Domestic VFD's Replacement	45,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Subtotal</b>	<b>1,170,000.00</b>	<b>681,625.00</b>	<b>556,831.26</b>	<b>306,913.83</b>	<b>126,938.48</b>	<b>2,370,300.20</b>	<b>17,395.40</b>	<b>17,830.29</b>	<b>225,404.53</b>	<b>580,721.28</b>		

## Projected Expenses By Year - Decade 2 of 3

## Building Exterior

Component	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
Building Exterior - Painting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof 27th Floor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof Ballroom	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof Casino	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof East Roof	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof Main Dock	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof Main Summit Pavilion	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof North Way Roof	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof Restaurant Row	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof South Roof	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Exterior - Roof Theatre	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

## Projected Expenses By Year - Decade 2 of 3

Common Area - Lighting and Electrical Contingency	0.00	0.00	0.00	0.00	14,129.74	0.00	0.00	0.00	0.00	15,986.50
Common Area - Security Fire System Upgrade	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Common Area - Security Monitoring System	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Common Area - Signage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,877,570.33
Common Area - Signage Marquis at Freeway (Replaced 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,198,987.64
Common Area - Signage Parking Lot Monument Signage (35 Units)	51,203.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Subtotal</b>	<b>170,251.24</b>	<b>122,024.05</b>	<b>125,074.67</b>	<b>128,201.52</b>	<b>343,352.64</b>	<b>134,691.72</b>	<b>138,059.02</b>	<b>141,510.50</b>	<b>145,048.26</b>	<b>4,465,029.96</b>



## Projected Expenses By Year - Decade 2 of 3

Roads and Parking - Removal and Reconstruction Area 4 (Orange)	0.00	0.00	0.00	0.00	0.00	637,855.86	0.00	0.00	0.00	0.00
Roads and Parking - Removal and Reconstruction Area 5 (White)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Roads and Parking - Removal and Reconstruction Area 6 (Yellow)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Roads and Parking - Removal and Reconstruction Area 7 (Brown)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Roads and Parking - Removal and Reconstruction Area 8 (Green)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Roads and Parking - Removal and Reconstruction Area Ring Road (Purple)(Done 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,520,296.00
Roads and Parking - Surface Maintenance Treatment Area 1 (Pink)	29,966.78	0.00	0.00	0.00	0.00	33,904.66	0.00	0.00	0.00	0.00
Roads and Parking - Surface Maintenance Treatment Area 2 (Red)	54,138.10	0.00	0.00	0.00	0.00	61,252.30	0.00	0.00	0.00	0.00

## Projected Expenses By Year - Decade 2 of 3

## Utilities/ Mechanical/ Systems

Component	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
Utilities/ Mechanical/ Systems - Boiler	19,201.27	19,681.30	20,173.33	20,677.67	21,194.61	21,724.47	22,267.58	22,824.27	23,394.88	23,979.75
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Air Handlers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Building Management System (Done 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	143,878.52
Utilities/ Mechanical/ Systems - Component: Chiller 1	2,304,152.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Chiller 2	2,304,152.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Chiller 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

## Projected Expenses By Year - Decade 2 of 3

Utilities/ Mechanical/ Systems - Component: Power Feed Phase 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Power Transfer Switches for Emergency (Done 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Soft Water System	0.00	0.00	0.00	0.00	0.00	56,518.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Thermostats (Done 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Component: Water Pumps- Chilled, Left, 2 Riser Pumps, Soft Starters on 2 Chillers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	719,392.58
Utilities/ Mechanical/ Systems - Component: Water Pumps- Condensing (Done 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities/ Mechanical/ Systems - Water Domestic VFD's Replacement	0.00	0.00	0.00	0.00	0.00	0.00	65,173.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Subtotal</b>	<b>4,627,505.63</b>	<b>413,307.30</b>	<b>20,173.33</b>	<b>255,024.55</b>	<b>77,713.56</b>	<b>275,176.65</b>	<b>22,267.58</b>	<b>22,824.27</b>	<b>288,536.86</b>	<b>1,846,440.96</b>									

## Projected Expenses By Year - Decade 3 of 3

## Building Exterior

Component	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	2045-46	2046-47	Total
Building Exterior - Painting	0.00	1,259,686.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,028,436.39
Building Exterior - Roof 27th Floor	91,762.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	147,762.52
Building Exterior - Roof Ballroom	0.00	0.00	568,118.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	914,824.81
Building Exterior - Roof Casino	0.00	638,241.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,027,741.10
Building Exterior - Roof East Roof	0.00	209,947.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	338,072.73
Building Exterior - Roof Main Dock	131,089.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	211,089.32
Building Exterior - Roof Main Summit Pavilion	0.00	0.00	0.00	0.00	0.00	370,788.82	0.00	0.00	0.00	0.00	597,070.46
Building Exterior - Roof North Way Roof	0.00	0.00	0.00	0.00	0.00	64,888.04	0.00	0.00	0.00	0.00	104,487.33
Building Exterior - Roof Restaurant Row	491,584.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	791,584.93
Building Exterior - Roof South Roof	114,703.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	184,703.15
Building Exterior - Roof Theatre	0.00	16,795.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27,045.82

## Projected Expenses By Year - Decade 3 of 3

Common Area - Lighting and Electrical Contingency	0.00	0.00	0.00	0.00	18,087.26	0.00	0.00	0.00	0.00	20,464.07	92,194.33
Common Area - Security Fire System Upgrade	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,959,928.75
Common Area - Security Monitoring System	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,131,408.21
Common Area - Signage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,683,533.31	8,809,056.99
Common Area - Signage Marquis at Freeway (Replaced 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,534,805.55	3,670,440.42
Common Area - Signage Parking Lot Monument Signage (35 Units)	65,544.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	156,748.04
<b>Subtotal</b>	<b>217,935.99</b>	<b>156,201.12</b>	<b>160,106.14</b>	<b>164,108.78</b>	<b>439,520.41</b>	<b>172,416.79</b>	<b>176,727.22</b>	<b>181,145.40</b>	<b>185,674.04</b>	<b>5,715,615.86</b>	<b>23,193,448.77</b>

## Projected Expenses By Year - Decade 3 of 3

Roads and Parking - Removal and Reconstruction Area 4 (Orange)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	637,855.86
Roads and Parking - Removal and Reconstruction Area 5 (White)	0.00	0.00	0.00	0.00	0.00	0.00	1,683,761.30	0.00	0.00	0.00	0.00	0.00	0.00	2,711,311.90
Roads and Parking - Removal and Reconstruction Area 6 (Yellow)	0.00	0.00	0.00	0.00	0.00	0.00	1,108,394.38	0.00	0.00	0.00	0.00	0.00	0.00	1,784,815.27
Roads and Parking - Removal and Reconstruction Area 7 (Brown)	0.00	0.00	0.00	0.00	0.00	0.00	326,442.48	0.00	0.00	0.00	0.00	0.00	0.00	525,660.84
Roads and Parking - Removal and Reconstruction Area 8 (Green)	0.00	0.00	0.00	0.00	0.00	0.00	879,460.10	0.00	0.00	0.00	0.00	0.00	0.00	1,416,169.04
Roads and Parking - Removal and Reconstruction Area Ring Road (Purple) (Done 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,520,296.00
Roads and Parking - Surface Maintenance Treatment Area 1 (Pink)	38,360.01	0.00	0.00	0.00	0.00	0.00	43,400.83	0.00	0.00	0.00	0.00	0.00	0.00	195,528.55
Roads and Parking - Surface Maintenance Treatment Area 2 (Red)	69,301.35	0.00	0.00	0.00	0.00	0.00	78,408.12	0.00	0.00	0.00	0.00	0.00	0.00	353,242.66

## Projected Expenses By Year - Decade 3 of 3

## Utilities/ Mechanical/ Systems

Component	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	2045-46	2046-47	Total
Utilities/ Mechanical/ Systems - Boiler	24,579.25	25,193.73	25,823.57	26,469.16	27,130.89	27,809.16	28,504.39	29,217.00	29,947.43	30,696.11	658,540.54
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	102,500.00
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	105,062.50
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	107,688.06
Utilities/ Mechanical/ Systems - Boiler Replacement Unit 4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	110,381.29
Utilities/ Mechanical/ Systems - Component: Air Handlers	1,789,369.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,881,369.15
Utilities/ Mechanical/ Systems - Component: Building Management System (Done 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	143,876.52
Utilities/ Mechanical/ Systems - Component: Chiller 1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,304,152.18
Utilities/ Mechanical/ Systems - Component: Chiller 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,304,152.18
Utilities/ Mechanical/ Systems - Component: Chiller 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,036,534.78

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## Projected Expenses By Year - Decade 3 of 3

Utilities/ Mechanical/ Systems - Component: Power Feed Phase 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,000.00
Utilities/ Mechanical/ Systems - Component: Power Transfer Switches for Emergency (Done 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	102,320.37	102,320.37
Utilities/ Mechanical/ Systems - Component: Soft Water System	0.00	0.00	0.00	0.00	0.00	0.00	76,011.71	0.00	0.00	0.00	0.00	174,555.66
Utilities/ Mechanical/ Systems - Component: Thermostats (Done 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	959,190.11
Utilities/ Mechanical/ Systems - Component: Water Pumps- Chilled, Left, 2 Riser Pumps, Soft Starters on 2 Chillers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	920,883.33	2,202,264.25
Utilities/ Mechanical/ Systems - Component: Water Pumps- Condensing (Done 2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,534,805.55	1,534,805.55
Utilities/ Mechanical/ Systems - Water Domestic VFD's Replacement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	110,173.42
<b>Subtotal</b>	<b>1,813,948.40</b>	<b>529,068.29</b>	<b>671,412.84</b>	<b>326,452.98</b>	<b>27,130.89</b>	<b>288,821.89</b>	<b>104,516.10</b>	<b>29,217.00</b>	<b>369,351.58</b>	<b>2,676,700.88</b>	<b>20,719,551.81</b>	



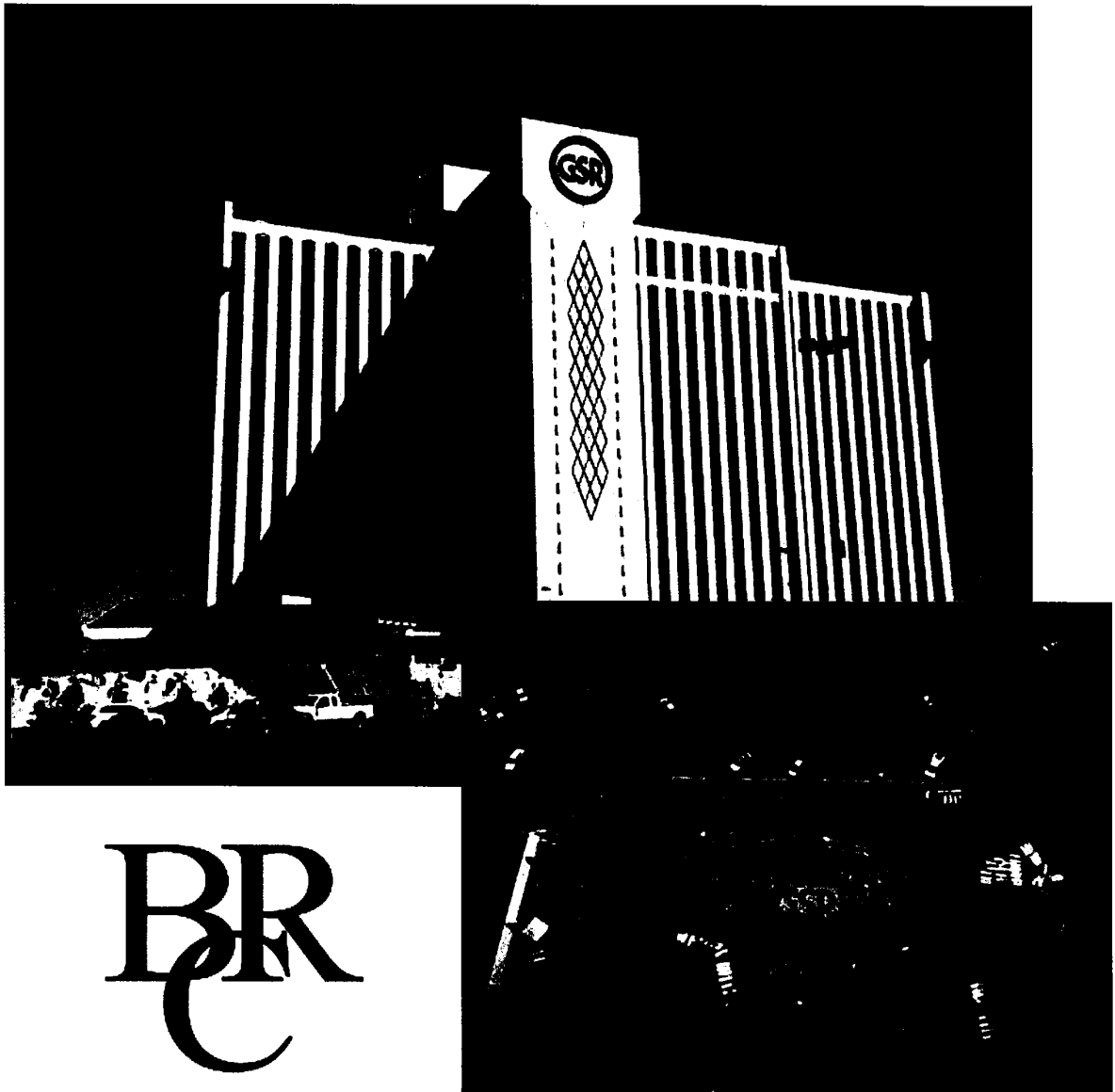
Tab 5

Tab 5

# Grand Sierra Resort - Hotel Related Components

## Full Reserve Study

Start Date: 01/01/2017



**Better Reserve Consultants**

RSS Mari Jo Betterley, RSS 0000025

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<b>Planned Expenditures</b>	<b>Page 15</b>
<b>Recommended Reserve Contribution Concepts</b>	<b>Page 17</b>
<b>Recommended Reserve Contribution Details</b>	<b>Page 18</b>
<b>Reserve Budget Summary</b>	<b>Page 19</b>
<b>Projected Expenses by Year</b>	<b>Page 22</b>

***Important Information***Reserve Study / Fiscal Year Start Date: 01/01/2017Reserve Study Site Inspection Date: July 15, 2016Number of Assessment Paying Members/ Units: n/a

Reserve Bank Accounts Interest Rate and Balance as of: 01/01/2017

Reserve Bank Account	2.0%	<u>\$2,000,000.00</u>
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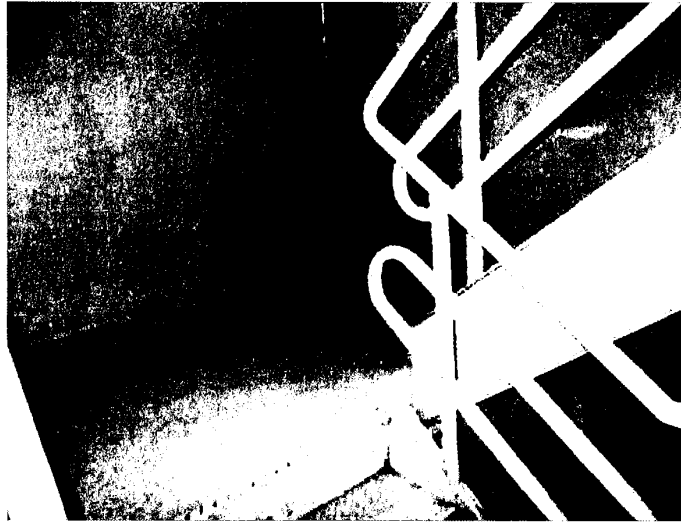
Total: \$2,000,000.00Inflation Rate: 2.50% (Based on the average over the last 20 years)Income Tax Rate: 30.00% on Reserve Bank Account Interest OnlyCurrent Annual Reserve Contribution/ Transfer From Operating: \$700,000.00Total estimated current replacement costs of the major component inventory: \$7,552,200.00Special Reserve Assessment Recommended: \$0.00



The Elevator Modernization has been included in the Study to be done in Phases beginning 2017.



The Fitness Center Components include the Flooring Replacement, Painting, Equipment Replacement, TV's and Lighting and Electrical.



Maintenance of the Stairway area is considered and Operational Expense and has not been included in this Study.



A complete Renovation of the Pool Area will be done in the years 2016-2017. This project will cost approximately \$12,000,000.00. This Cost has not been included in the Study. Future maintenance costs have been included as an estimation only.



The Casino Area, Restaurants, Theatre, Spa, Bowling Alley, Movie Theatre, etc. are not considered part of the Hotel Related Components.



The Front Desk Area Remodel has been included in this Study because it relates directly to the Hotel. This includes TV Replacement, Remodel, and Lighting and Electrical.

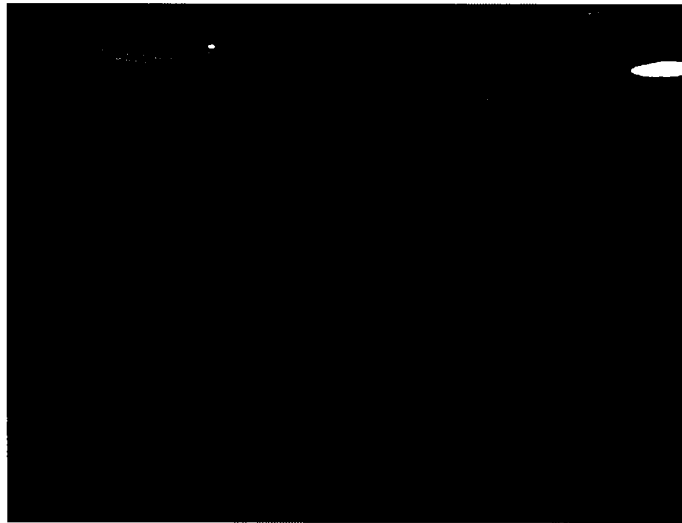


"Traffic Areas" have been included in the Common Area Reserve Study.

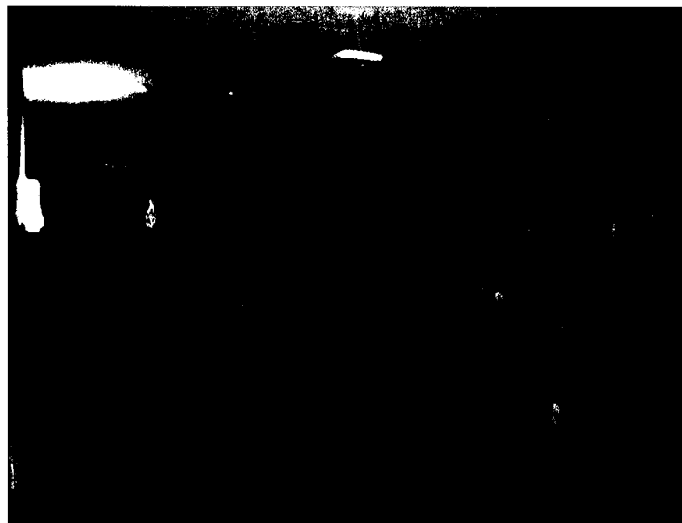


The Tile and Marble used at the Entrance Area to the Elevators are "life time" products that have an estimated useful life of more than 30 years. Replacement has not been included in this Study. Other products such as the veneer and furnishings have been included in the Study as a Renovation.

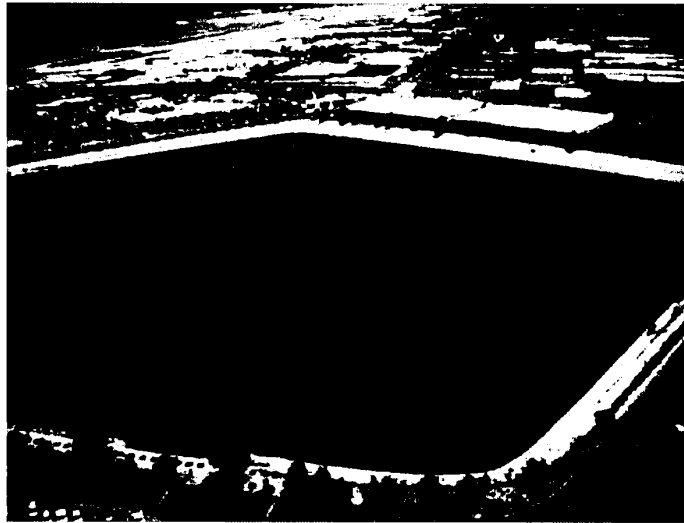




The Elevators Modernization has been included in the Study in Phases beginning in 2017.



The Hallway Renovation includes Painting, Wallpaper, New Furnishings, New Carpeting, Decorations and Lighting.



The Driving Range and Lake are not considered part of the Hotel. It is an amenity that is paid for separately by the customers.



Computer Equipment, Desks and Remodel of the Switchboard Room are considered and Operating Expense and have not been included in the Study.

## Component Evaluation - Concepts

### Common Element

The Association CC&Rs typically define what a common element is. Usually, this is property owned in common by all the homeowners (rather than by an individual homeowner).

### Component

A Major Component of the common elements is any component of the common elements, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance which is included in the annual operating budget of an association.

### Units

A quantity chosen as a standard in terms of measurement. For Example, Square Footage, Linear Footage, a Condominium Unit, a Roof, etc.

### Date Last Repaired/ Replaced:

Estimated date when the Component was last Replaced, Repaired, Restored or Maintained

### Cost Per Unit

How much each unit of measurement costs to repair, replace, restore, or maintain

### Today's Cost:

Total Estimated Cost to Repair, Replace, Maintain or Restore the Component  
This may be a calculation of Costs per Unit x Number of Units or it may be a set value.

### Estimated Life When New

Estimated Time Frame that the Component should last before it is Repaired, Replaced, Restored or Maintained. This may be based on a Warranty, Historical Life Span, Manufactures/ Contractors opinion, location, etc.

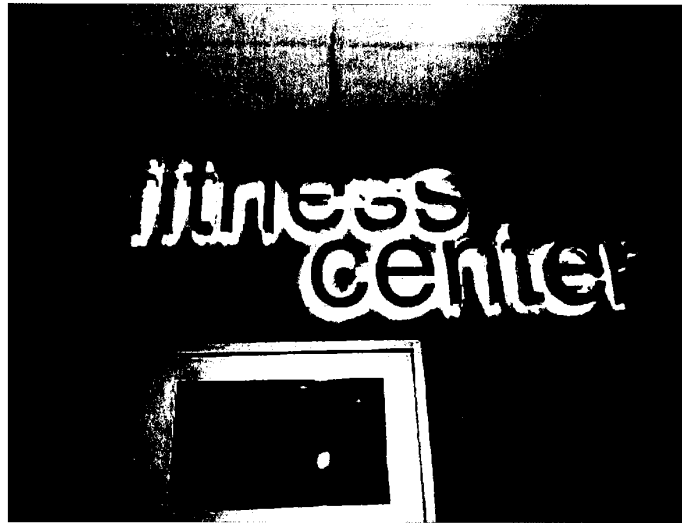
### Estimated Remaining Useful Life:

The Estimated amount of time that the component will actually last from today  
This may be a calculation based on Estimated Useful Life When New minus the actual age or it could be based on other factors such as wear, condition, climate etc.



### Common Area

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Common Area - Elevator Modernization Phase 01	2017	2 units	100000.00/unit	200000.00	0	25
Common Area - Elevator Modernization Phase 02	2018	2 units	100000.00/unit	200000.00	1	25
Common Area - Elevator Modernization Phase 03	2019	2 units	100000.00/unit	200000.00	2	25
Common Area - Elevator Modernization Phase 04	2020	2 units	100000.00/unit	200000.00	3	25
Common Area - Elevator Modernization Phase 05	2021	2 units	100000.00/unit	200000.00	4	25
Common Area - Elevator Modernization Phase 06	2022	2 units	100000.00/unit	200000.00	5	25
Common Area - Elevator Modernization Phase 07	2023	2 units	100000.00/unit	200000.00	6	25
Common Area - Elevator Modernization Phase 08	2024	2 units	100000.00/unit	200000.00	7	25
Common Area - Escalator Refurbishment Phase 01	2017	as needed	250000.00	250000.00	0	30
Common Area - Escalator Refurbishment Phase 02	2018	as needed	250000.00	250000.00	1	30
Common Area - Escalator Refurbishment Phase 03	2019	as needed	250000.00	250000.00	2	30



### Fitness Center

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Fitness Center - Component: Cabinet-Water, Towels, Laundry	2031	1 unit	2500.00	2500.00	14	15
Fitness Center - Component: Carpet Replacement	2021	160 sq ft	15.00/sq ft	2400.00	4	5
Fitness Center - Component: Ceiling Fans, Electrical and Lighting Contingency	2026	1 unit	2500.00	2500.00	9	10
Fitness Center - Component: Door Replacement	2027	1 unit	2000.00	2000.00	10	20
Fitness Center - Component: Elliptical Trainer with Touch Screen	2021	6 units	4500.00/unit	27000.00	4	5
Fitness Center - Component: Interior Painting	2021	1 unit	2500.00	2500.00	4	5
Fitness Center - Component: Key Fob Security System	2019	1 unit	2500.00	2500.00	2	3
Fitness Center - Component: Precore Benches	2021	2 units	500.00/unit	1000.00	4	5
Fitness Center - Component: Precore Exercise Bike with Touch Screen	2021	2 units	3500.00/unit	7000.00	4	5

**Fitness Center (Continued)**

<b>Component</b>	<b>Year Scheduled</b>	<b>Units</b>	<b>Cost Per Unit</b>	<b>Today's Cost</b>	<b>Estimated Remaining Useful Life (Years)</b>	<b>Estimated Life When New (Years)</b>
Fitness Center - Component: Sound System	2026	1 unit	1500.00	1500.00	9	10
Fitness Center - Component: Stairmaster with Touch Screen	2021	1 unit	3500.00	3500.00	4	5
Fitness Center - Component: Treadmill with Touch Screen	2021	4 units	4500.00/unit	18000.00	4	5
Fitness Center - Component: TV Replacement	2021	4 units	450.00/unit	1800.00	4	5
Fitness Center - Component: Weight Machine	2031	1 unit	10000.00	10000.00	14	15
Fitness Center - Component: Weights and Stand	2031	1 unit	2000.00	2000.00	14	15

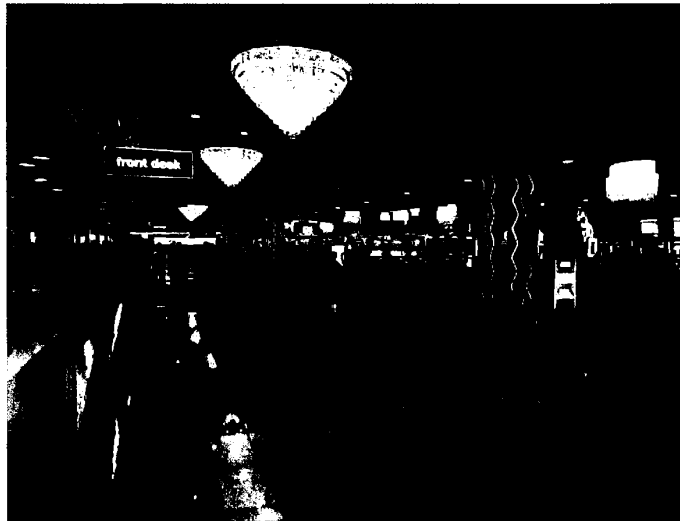


### Hallways

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Hallways - Artwork, Decorations and Furniture	2021	26 units	5000.00/unit	130000.00	4	5
Hallways - Flooring	2021	26 units	110000.00/unit	2860000.00	4	5
Hallways - Lighting and Electrical	2026	as needed	5000.00	130000.00	9	10
Hallways - Painting and Wall Covering	2025	26 units	50000.00/unit	1300000.00	8	10

# Grand Sierra Resort - Hotel Related Components

Start Date: 01/01/2017



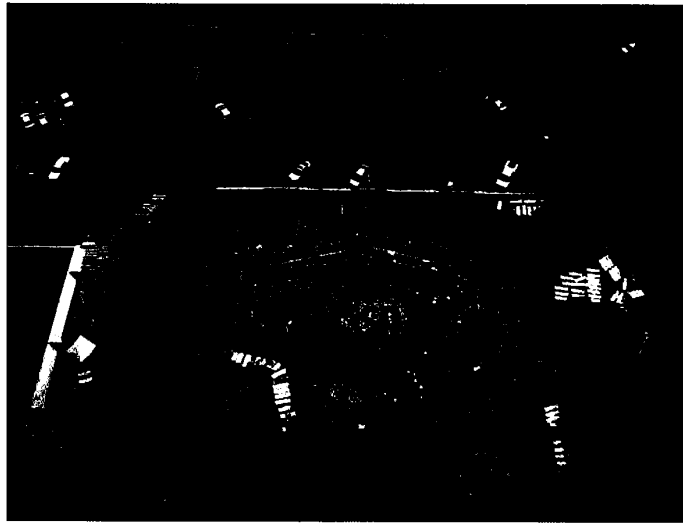
## Lobby

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Lobby - Front Desk Renovation	2026	as needed	50000.00	50000.00	9	10



# Grand Sierra Resort - Hotel Related Components

Start Date: 01/01/2017



## Pool Area

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	Annual	as needed	10000.00	10000.00	0	1
Pool Area - Component: Ice Rink Replacement (Future)	2032	1 unit	500000.00	500000.00	15	15
Pool Area - Furniture Replacement	2020	as needed	40000.00	40000.00	3	3
Pool Area - Pool Resurface (Future)	2027	2 units	25000.00/unit	50000.00	10	10
Pool Area - Restroom Remodel (Future)	2027	2 units	15000.00/unit	30000.00	10	10
Pool Area - Spa Resurface (Future)	2023	2 units	8000.00/unit	16000.00	6	6

**5 Year Planned Expenditures***This is where you will spend your money in the next 5 years***2017**

Common Area - Elevator Modernization Phase 01	\$200,000.00
Common Area - Escalator Refurbishment Phase 01	\$250,000.00
Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	\$10,000.00

<b>Total</b>	<b>\$460,000.00</b>
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**2018**

Common Area - Elevator Modernization Phase 02	\$205,000.00
Common Area - Escalator Refurbishment Phase 02	\$256,250.00
Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	\$10,250.00

<b>Total</b>	<b>\$471,500.00</b>
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**2019**

Common Area - Elevator Modernization Phase 03	\$210,125.00
Common Area - Escalator Refurbishment Phase 03	\$262,656.25
Fitness Center - Component: Key Fob Security System	\$2,626.56
Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	\$10,506.25

<b>Total</b>	<b>\$485,914.06</b>
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**2020**

Common Area - Elevator Modernization Phase 04	\$215,378.13
Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	\$10,768.91
Pool Area - Furniture Replacement	\$43,075.63

<b>Total</b>	<b>\$269,222.67</b>
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**2021**

Common Area - Elevator Modernization Phase 05	\$220,762.58
Fitness Center - Component: Carpet Replacement	\$2,649.15
Fitness Center - Component: Elliptical Trainer with Touch Screen	\$29,802.95
Fitness Center - Component: Interior Painting	\$2,759.53
Fitness Center - Component: Precore Benches	\$1,103.81
Fitness Center - Component: Precore Exercise Bike with Touch Screen	\$7,726.69
Fitness Center - Component: Stairmaster with Touch Screen	\$3,863.35
Fitness Center - Component: Treadmill with Touch Screen	\$19,868.63
Fitness Center - Component: TV Replacement	\$1,986.86
Hallways - Artwork, Decorations and Furniture	\$143,495.68
Hallways - Flooring	\$3,156,904.87
Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	\$11,038.13
<b>Total</b>	<b>\$3,601,962.23</b>

## Grand Sierra Resort - Hotel Related Components

Start Date: 01/01/2017

## Recommended Reserve Contribution

Year Funded	Beginning of Year Balance	Annual Transfer	Member Monthly Pmt	Annual Expenditures	Interest Earned	Income Tax	End of Year Balance	% Funded	Fully Funded (100%) Balance
2017	\$2,000,000.00	\$700,000.00	\$58,333.33	\$460,000.00	\$40,000.00	\$12,000.00	\$2,268,000.00	63.51	\$3,571,019.66
2018	\$2,268,000.00	\$700,000.00	\$58,333.33	\$471,500.00	\$45,360.00	\$13,608.00	\$2,528,252.00	61.17	\$4,133,296.86
2019	\$2,528,252.00	\$700,000.00	\$58,333.33	\$485,914.06	\$50,565.00	\$15,169.50	\$2,777,733.44	59.00	\$4,707,851.50
2020	\$2,777,733.44	\$1,000,000.00	\$83,333.33	\$269,222.67	\$55,555.00	\$16,666.50	\$3,547,399.27	64.25	\$5,521,670.95
2021	\$3,547,399.27	\$1,000,000.00	\$83,333.33	\$3,601,962.23	\$70,948.00	\$21,284.40	\$995,100.64	32.09	\$3,100,647.73
2022	\$995,100.64	\$1,300,000.00	\$108,333.33	\$240,424.24	\$19,902.00	\$5,970.60	\$2,068,607.80	51.82	\$3,991,544.13
2023	\$2,068,607.80	\$1,300,000.00	\$108,333.33	\$308,478.44	\$41,372.00	\$12,411.60	\$3,089,089.76	63.72	\$4,847,844.24
2024	\$3,089,089.76	\$1,300,000.00	\$108,333.33	\$249,624.01	\$61,782.00	\$18,534.60	\$4,182,713.15	72.20	\$5,793,139.63
2025	\$4,182,713.15	\$1,300,000.00	\$108,333.33	\$1,599,153.81	\$83,654.00	\$25,096.20	\$3,942,117.14	72.36	\$5,447,752.70
2026	\$3,942,117.14	\$1,300,000.00	\$108,333.33	\$4,105,262.35	\$78,842.00	\$23,652.60	\$1,192,044.19	44.51	\$2,678,014.03
2027	\$1,192,044.19	\$1,300,000.00	\$108,333.33	\$117,767.79	\$23,841.00	\$7,152.30	\$2,390,965.10	62.30	\$3,837,930.46
2028	\$2,390,965.10	\$1,300,000.00	\$108,333.33	\$16,401.09	\$47,819.00	\$14,345.70	\$3,708,037.31	72.19	\$5,136,158.47
2029	\$3,708,037.31	\$1,400,000.00	\$116,666.67	\$88,762.66	\$74,161.00	\$22,248.30	\$5,071,187.35	79.21	\$6,402,232.55
2030	\$5,071,187.35	\$1,400,000.00	\$116,666.67	\$13,785.11	\$101,424.00	\$30,427.20	\$6,528,399.04	83.92	\$7,779,285.32
2031	\$6,528,399.04	\$1,400,000.00	\$116,666.67	\$4,352,241.96	\$130,568.00	\$39,170.40	\$3,667,554.68	74.15	\$4,946,437.34
2032	\$3,667,554.68	\$1,400,000.00	\$116,666.67	\$796,563.99	\$73,351.00	\$22,005.30	\$4,322,336.39	76.89	\$5,621,474.87
2033	\$4,322,336.39	\$1,400,000.00	\$116,666.67	\$14,845.06	\$86,447.00	\$25,934.10	\$5,768,004.23	81.22	\$7,102,119.36
2034	\$5,768,004.23	\$1,400,000.00	\$116,666.67	\$19,020.23	\$115,360.00	\$34,608.00	\$7,229,736.00	83.87	\$8,620,589.65
2035	\$7,229,736.00	\$1,400,000.00	\$116,666.67	\$2,130,493.81	\$144,595.00	\$43,378.50	\$6,600,458.69	81.38	\$8,111,092.15
2036	\$6,600,458.69	\$1,400,000.00	\$116,666.67	\$5,191,136.89	\$132,009.00	\$39,602.70	\$2,901,728.10	62.52	\$4,641,276.13
2037	\$2,901,728.10	\$1,500,000.00	\$125,000.00	\$151,572.01	\$58,035.00	\$17,410.50	\$4,290,780.59	69.91	\$6,137,428.47
2038	\$4,290,780.59	\$1,500,000.00	\$125,000.00	\$83,979.09	\$85,816.00	\$25,744.80	\$5,766,872.70	74.43	\$7,748,528.64
2039	\$5,766,872.70	\$1,500,000.00	\$125,000.00	\$17,215.71	\$115,337.00	\$34,601.10	\$7,330,392.89	77.38	\$9,472,947.88
2040	\$7,330,392.89	\$1,600,000.00	\$133,333.33	\$22,057.64	\$146,608.00	\$43,982.40	\$9,010,960.85	80.17	\$11,239,429.44
2041	\$9,010,960.85	\$1,600,000.00	\$133,333.33	\$5,641,777.99	\$180,219.00	\$54,065.70	\$5,095,336.16	67.48	\$7,550,414.99
2042	\$5,095,336.16	\$1,600,000.00	\$133,333.33	\$389,328.26	\$101,907.00	\$30,572.10	\$6,377,342.80	70.58	\$9,036,156.93
2043	\$6,377,342.80	\$1,700,000.00	\$141,666.67	\$403,812.20	\$127,547.00	\$38,264.10	\$7,762,813.50	73.53	\$10,557,226.85
2044	\$7,762,813.50	\$1,700,000.00	\$141,666.67	\$486,950.00	\$155,256.00	\$46,576.80	\$9,084,542.70	75.42	\$12,045,259.21
2045	\$9,084,542.70	\$1,700,000.00	\$141,666.67	\$3,014,707.47	\$181,691.00	\$54,507.30	\$7,897,018.93	71.12	\$11,103,453.29
2046	\$7,897,018.93	\$1,900,000.00	\$158,333.33	\$7,089,164.49	\$157,940.00	\$47,382.00	\$2,818,412.44	45.35	\$6,214,291.29
Total:		40,700,000.00		41,833,125.26	2,787,911.00	\$836,373.30			

Better Reserve Consultants

Version 1.02 - September 15, 2016

## Projected Expenses By Year - Decade 1 of 3

## Common Area

Component	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Common Area - Elevator Modernization Phase 01	200,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Common Area - Elevator Modernization Phase 02	0.00	205,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Common Area - Elevator Modernization Phase 03	0.00	0.00	210,125.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Common Area - Elevator Modernization Phase 04	0.00	0.00	0.00	215,378.13	0.00	0.00	0.00	0.00	0.00	0.00
Common Area - Elevator Modernization Phase 05	0.00	0.00	0.00	0.00	220,762.58	0.00	0.00	0.00	0.00	0.00
Common Area - Elevator Modernization Phase 06	0.00	0.00	0.00	0.00	0.00	226,281.64	0.00	0.00	0.00	0.00

## Projected Expenses By Year - Decade 1 of 3

Fitness Center - Component: Ceiling Fans, Electrical and Lighting Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,122.16
Fitness Center - Component: Door Replacement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fitness Center - Component: Elliptical Trainer with Touch Screen	0.00	0.00	0.00	0.00	29,802.95	0.00	0.00	0.00	0.00	0.00	0.00	33,719.30
Fitness Center - Component: Interior Painting	0.00	0.00	0.00	0.00	2,759.53	0.00	0.00	0.00	0.00	0.00	0.00	3,122.16
Fitness Center - Component: Key Fob Security System	0.00	0.00	2,626.56	0.00	0.00	2,828.52	0.00	0.00	0.00	0.00	3,046.01	0.00
Fitness Center - Component: Precore Benches	0.00	0.00	0.00	0.00	1,103.81	0.00	0.00	0.00	0.00	0.00	0.00	1,248.86
Fitness Center - Component: Precore Exercise Bike with Touch Screen	0.00	0.00	0.00	0.00	7,726.69	0.00	0.00	0.00	0.00	0.00	0.00	8,742.04
Fitness Center - Component: Sound System	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,873.29
Fitness Center - Component: Stairmaster with Touch Screen	0.00	0.00	0.00	0.00	3,863.35	0.00	0.00	0.00	0.00	0.00	0.00	4,371.02
Fitness Center - Component: Treadmill with Touch Screen	0.00	0.00	0.00	0.00	19,868.63	0.00	0.00	0.00	0.00	0.00	0.00	22,479.53
Fitness Center - Component: TV Replacement	0.00	0.00	0.00	0.00	1,986.86	0.00	0.00	0.00	0.00	0.00	0.00	2,247.95

## Projected Expenses By Year - Decade 1 of 3

## Pool Area

Component	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	10,000.00	10,250.00	10,506.25	10,768.91	11,038.13	11,314.08	11,596.93	11,886.86	12,184.03	12,488.63
Pool Area - Component: Ice Rink Replacement (Future)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pool Area - Furniture Replacement	0.00	0.00	0.00	43,075.63	0.00	0.00	46,387.74	0.00	0.00	49,954.52
Pool Area - Pool Resurface (Future)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pool Area - Restroom Remodel (Future)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pool Area - Spa Resurface (Future)	0.00	0.00	0.00	0.00	0.00	0.00	18,555.09	0.00	0.00	0.00
<b>Subtotal</b>	<b>10,000.00</b>	<b>10,250.00</b>	<b>10,506.25</b>	<b>53,844.54</b>	<b>11,038.13</b>	<b>11,314.08</b>	<b>76,539.76</b>	<b>11,886.86</b>	<b>12,184.03</b>	<b>62,443.15</b>

## Projected Expenses By Year - Decade 3 of 3

## Common Area

Component	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	2045-46	2046-47	Total
Common Area - Elevator Modernization Phase 01	0.00	0.00	0.00	0.00	0.00	370,788.82	0.00	0.00	0.00	0.00	570,788.82
Common Area - Elevator Modernization Phase 02	0.00	0.00	0.00	0.00	0.00	0.00	380,058.54	0.00	0.00	0.00	585,058.54
Common Area - Elevator Modernization Phase 03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	389,560.00	0.00	0.00	599,685.00
Common Area - Elevator Modernization Phase 04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	399,299.00	0.00	614,677.13
Common Area - Elevator Modernization Phase 05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	409,281.48	630,044.06
Common Area - Elevator Modernization Phase 06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	226,281.64



## Projected Expenses By Year - Decade 3 of 3

Fitness Center - Component: Ceiling Fans, Electrical and Lighting Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,116.02	12,234.81
Fitness Center - Component: Door Replacement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,560.17
Fitness Center - Component: Elliptical Trainer with Touch Screen	0.00	0.00	0.00	0.00	0.00	48,835.60	0.00	0.00	0.00	0.00	0.00	55,253.00	248,924.70
Fitness Center - Component: Interior Painting	0.00	0.00	0.00	0.00	0.00	4,521.81	0.00	0.00	0.00	0.00	0.00	5,116.02	23,048.58
Fitness Center - Component: Key Fob Security System	4,096.54	0.00	0.00	0.00	4,411.53	0.00	0.00	0.00	4,750.73	0.00	0.00	5,116.02	37,492.61
Fitness Center - Component: Precore Benches	0.00	0.00	0.00	0.00	0.00	1,808.73	0.00	0.00	0.00	0.00	0.00	2,046.41	9,219.43
Fitness Center - Component: Precore Exercise Bike with Touch Screen	0.00	0.00	0.00	0.00	0.00	12,661.08	0.00	0.00	0.00	0.00	0.00	14,324.85	64,536.03
Fitness Center - Component: Sound System	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,069.61	7,340.88
Fitness Center - Component: Stairmaster with Touch Screen	0.00	0.00	0.00	0.00	0.00	6,330.54	0.00	0.00	0.00	0.00	0.00	7,162.43	32,268.03
Fitness Center - Component: Treadmill with Touch Screen	0.00	0.00	0.00	0.00	0.00	32,557.07	0.00	0.00	0.00	0.00	0.00	36,835.33	165,949.79
Fitness Center - Component: TV Replacement	0.00	0.00	0.00	0.00	0.00	3,255.71	0.00	0.00	0.00	0.00	0.00	3,683.53	16,594.97

## Projected Expenses By Year - Decade 3 of 3

## Pool Area

Component	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	2045-46	2046-47	Total
Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	16,386.16	16,795.82	17,215.71	17,646.11	18,087.26	18,539.44	19,002.93	19,478.00	19,964.95	20,464.07	439,027.04
Pool Area - Component: Ice Risk Replacement (Future)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	724,149.08
Pool Area - Furniture Replacement	0.00	67,183.27	0.00	0.00	72,349.04	0.00	0.00	77,912.00	0.00	0.00	530,976.03
Pool Area - Pool Resurface (Future)	81,930.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	145,935.05
Pool Area - Restroom Remodel (Future)	49,158.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	87,561.03
Pool Area - Spa Resurface (Future)	0.00	0.00	0.00	0.00	28,939.62	0.00	0.00	0.00	0.00	0.00	93,967.47
<b>Subtotal</b>	<b>147,475.47</b>	<b>83,979.09</b>	<b>17,215.71</b>	<b>17,646.11</b>	<b>119,375.92</b>	<b>18,539.44</b>	<b>19,002.93</b>	<b>97,390.00</b>	<b>19,964.95</b>	<b>20,464.07</b>	<b>2,021,615.70</b>

### Projected Expenses By Year - Decade 2 of 3

#### Common Area

Component	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
Common Area - Elevator Modernization Phase 01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Common Area - Elevator Modernization Phase 02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Common Area - Elevator Modernization Phase 03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Common Area - Elevator Modernization Phase 04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Common Area - Elevator Modernization Phase 05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Common Area - Elevator Modernization Phase 06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

## Projected Expenses By Year - Decade 2 of 3

Fitness Center - Component: Ceiling Fans, Electrical and Lighting Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,996.63
Fitness Center - Component: Door Replacement	2,560.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fitness Center - Component: Elliptical Trainer with Touch Screen	0.00	0.00	0.00	0.00	0.00	0.00	38,150.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	43,163.56
Fitness Center - Component: Interior Painting	0.00	0.00	0.00	0.00	0.00	0.00	3,532.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,996.63
Fitness Center - Component: Key Fob Security System	0.00	3,280.22	0.00	0.00	0.00	0.00	3,532.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fitness Center - Component: Precore Benches	0.00	0.00	0.00	0.00	0.00	0.00	1,412.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,598.65
Fitness Center - Component: Precore Exercise Bike with Touch Screen	0.00	0.00	0.00	0.00	0.00	0.00	9,890.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,190.55
Fitness Center - Component: Sound System	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,397.98
Fitness Center - Component: Stairmaster with Touch Screen	0.00	0.00	0.00	0.00	0.00	0.00	4,945.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,595.28
Fitness Center - Component: Treadmill with Touch Screen	0.00	0.00	0.00	0.00	0.00	0.00	25,433.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	28,775.70
Fitness Center - Component: TV Replacement	0.00	0.00	0.00	0.00	0.00	0.00	2,543.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,877.57

## Projected Expenses By Year - Decade 2 of 3

## Pool Area

Component	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	12,800.85	13,120.87	13,448.89	13,785.11	14,129.74	14,482.98	14,845.06	15,216.18	15,596.59	15,986.50
Pool Area - Component: Ice Rink Replacement (Future)	0.00	0.00	0.00	0.00	0.00	724,149.08	0.00	0.00	0.00	0.00
Pool Area - Furniture Replacement	0.00	0.00	53,795.55	0.00	0.00	57,931.93	0.00	0.00	62,386.35	0.00
Pool Area - Pool Resurface (Future)	64,004.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pool Area - Restroom Remodel (Future)	38,402.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pool Area - Spa Resurface (Future)	0.00	0.00	21,518.22	0.00	0.00	0.00	0.00	0.00	24,954.54	0.00
<b>Subtotal</b>	<b>115,207.62</b>	<b>13,120.87</b>	<b>88,762.66</b>	<b>13,785.11</b>	<b>14,129.74</b>	<b>796,563.99</b>	<b>14,845.06</b>	<b>15,216.18</b>	<b>102,937.48</b>	<b>15,986.50</b>

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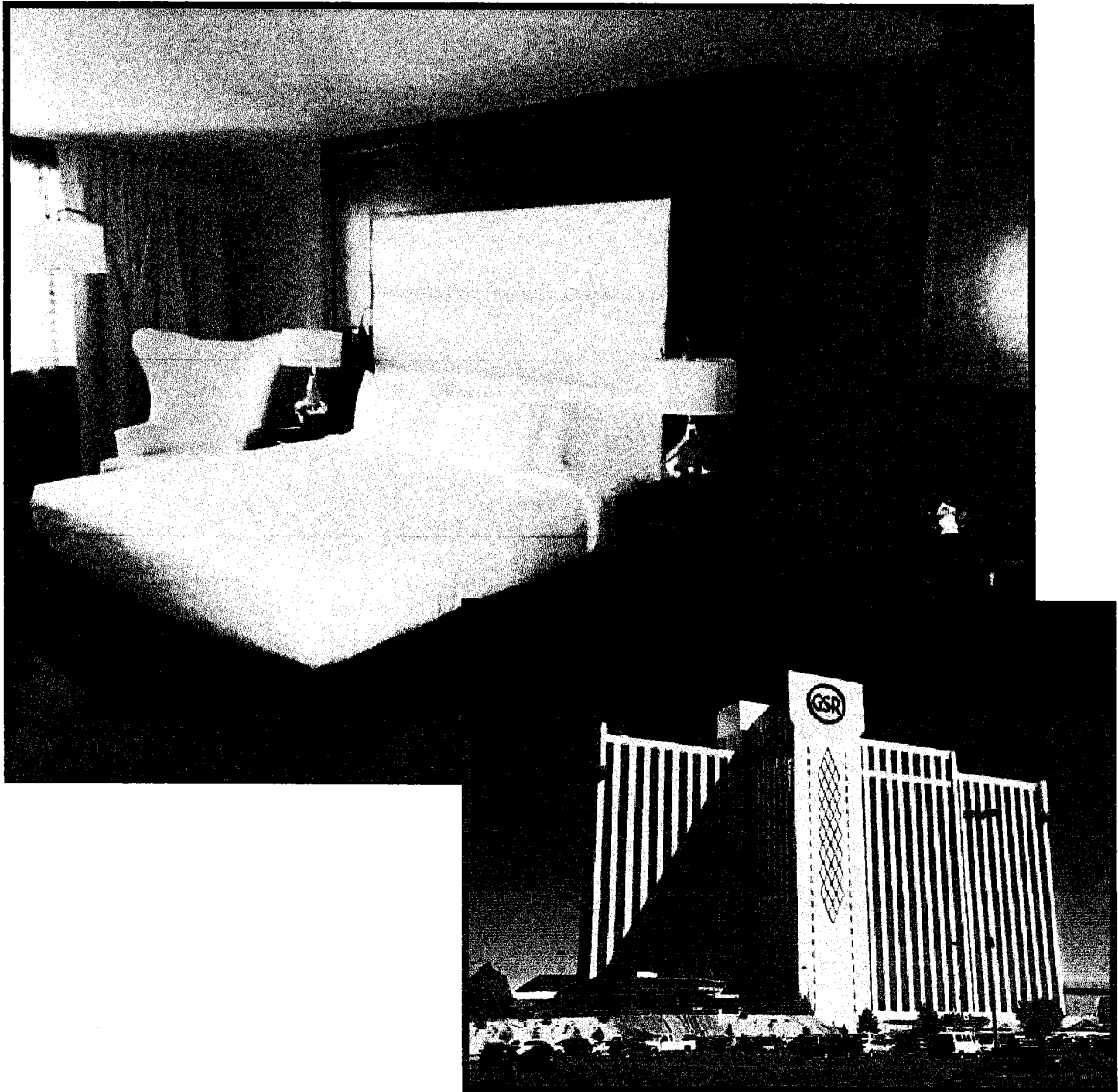
# Exhibit 2

# Exhibit 2

# **Grand Sierra Resort**

## **Annual Review Without Site Visit**

Start Date: 01/01/2018



**Better Reserve Consultants**

RSS Mari Jo Betterley, RSS 0000025

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Tab 1

Tab 1

# Grand Sierra Resort - FF&E

## Annual Review Without Site Visit

Start Date: 01/01/2018



**Better Reserve Consultants**

RSS Mari Jo Betterley, RSS 0000025

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*BetterReserves@cccomm.net*  
Mari Jo Betterley RSS. 0000025

October 27, 2017

Grand Sierra Resort - FF&E  
Grand Sierra Resort 2500 East Second Street

Reno, NV 89502

Grand Sierra Resort - FF&E Executive Board of Directors,

Thank you for this opportunity to complete a Reserve Study for your Association. A Reserve Study is the most important document that determines where "hundreds of thousands or millions" of your individual homeowner's dollars will be spent. The Study is a planning tool that will plan the maintenance of your Association and affect your property value now and in the future.

A Study with a Site Inspection is required every 5 years. The Reserve Study should be reviewed at least annually and any adjustments to the Association's funding plan should be made to provide adequate funding for the required reserves. It is important to complete a Reserve Study Update each year to ensure adequate funding of the Reserves while keeping the assessments as low as possible.

### **Reserve Study with Site Inspection and Annual Updates**

Most Recent Reserve Study with Site Inspection: January 1, 2017

Next Reserve Study with Site Inspection: January 1, 2020, should be completed in the fall of 2019, prior to 2020 Budget

Reserve Study Update: Should be completed each year in the fall, prior to Budget

### **NRS 116.31152 Study of Reserves; Duties of Executive Board Regarding Study:**

1. The executive board shall:

- (a) At least once every 5 years, cause to be conducted a study of the reserves required to repair, replace and restore the major components of the common elements;
- (b) At least annually, review the results of that study to determine whether those reserves are sufficient; and
- (c) At least annually, make any adjustments to the association's funding plan which the executive board deems necessary to provide adequate funding for the required reserves.

## **Project Description**

The Grand Sierra Resort Condominium Unit Owners Association is located in Reno, Nevada. The Association consists of 670 Hotel Rooms in the Grand Sierra Resort Hotel. The Units Common Elements/Furniture Fixtures and Equipment include the Bathrooms, Room Remodel, Key Fob Entry System, Lighting and Electrical, Mattress Replacement, Phone System, Television Replacement, Television System, and WiFi System.

## **Common Area and Hotel Related Components**

The Condominium Unit Owners Association shares the Common Area and Hotel Related Components with the Hotel. The Common Area Components include the Exterior of the Building, Roads and Parking, Utilities and Mechanical Components, Airport Vehicles, Equipment, Entrance Areas, Traffic Areas, Landscaping, Lighting and Electrical, Fire System, Security Monitoring System and Signage. The Hotel Related Components include the Elevators, Escalators, Fitness Center, Hallways, Lobby and Pool Area.

## **Property Condition**

The Grand Sierra Resort Unit Owners Association is well maintained and in overall very good condition.

## **What is a Reserve Study?**

A Reserve Study is a financial planning tool that identifies the current status of the Reserve Fund and provides a Funding Tool for Repair, Replacement, Restoration or Maintenance of their Major Components of the Common Elements. A Major component of the common elements is any component of the common elements, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance which is included in the annual operating budget of an association.

## **Why have a Reserve Study?**

A Reserve Study is required by the State of Nevada.

\*A Reserve Study provides important annual disclosures to association members and prospective buyers regarding the condition of common area components.

\* If you are selling your home or if you are a potential buyer, many financial institutions will not lend money on a home in an association without a properly funded Reserve Study.

\* A Reserve Study focuses on ensuring that the property is in good condition, yet "reserves" your Association's money properly so that there are no needs for "Special Assessments" or huge increases in assessments in the future.

\*And most important, a Reserve Study ensures that your Association will be a better place to live, now and in the future.

The Reserve Study is prepared by an outside independent consultant for the benefit of the Board of Directors of a property with multiple owners, such as Homeowners Association, containing an assessment of the state of the commonly owned property components as determined by the particular association's CC&Rs and bylaws. This Study evaluates the current condition of the Components and the Estimated Remaining Useful Life. The Replacement Cost is based on actual historical costs from Invoices or Bids or Estimates from Experts in the Field. Reserve studies however are not limited only to condominiums and can be created for other properties such as time shares, resorts, hotels, apartment buildings, office parks, worship facilities, swimming pools, private (golf/social) clubs, and private schools.

NRS 116.3115 Assessments for common expenses; funding of adequate reserves; collection of interest on past due assessments; calculation of assessments for particular types of common expenses; notice of meetings regarding assessments for capital improvements....

(a) All common expenses, including the reserves, must be assessed against all the units in accordance with the allocations set forth in the declaration pursuant to subsections 1 and 2 of NRS 116.2107.

(b) The association shall establish adequate reserves, funded on a reasonable basis, for the repair, replacement and restoration of the major components of the common elements and any other portion of the common-interest community that the association is obligated to maintain, repair, replace or restore. The reserves may be used only for those purposes, including, without limitation, repairing, replacing and restoring roofs, roads and sidewalks, and must not be used for daily maintenance. The association may comply with the provisions of this paragraph through a funding plan that is designed to allocate the costs for the repair, replacement and restoration of the major components of the common elements and any other portion of the common-interest community that the association is obligated to maintain, repair, replace or restore ...

## **Levels of Service:**

There are three types of a Reserve Study:

### **1. Full Reserve Study:**

Component Inventory-- An actual field inspection of the common elements with representative sampling;

Condition Assessment (based upon on-site visual observations)

Life and Valuation Estimates

Fund Status

Funding Plan

### **2. Update, With-Site-Visit/On-Site Review: (May be an update on a Reserve Study Completed by this Reserve Study Specialist or an Update to another Reserve Study Specialist's report).**

Component Inventory (verification only, not quantification)

Condition Assessment (based on on-site visual observations)

Life and Valuation Estimates

Fund Status

Funding Plan

### **3. Update, No-Site-Visit/Off Site Review: (May be an update on a Reserve Study Completed by this Reserve Study Specialist or an Update to another Reserve Study Specialist's report).**

Life and Valuation Estimates

Fund Status

Funding Plan

For updated reserve studies, quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies.

In many cases, it is better to complete a new, Full Study rather than ask the Reserve Study Specialist to update a Study prepared by another company. The Reserve Study Specialist must rely on the previous Study 's information, measurements, estimated useful life and replacement costs.

## **Utilities and Asbestos**

Future Utility Line Major Repairs and Replacement such as Water Lines, Sewer Lines and Electrical Upgrades should be included in the Study. Expert evaluation of all Utilities is strongly recommended to ensure the accurate Repair or Replacement Costs and well as the Estimated Remaining Useful Life of each Component. If there is Asbestos present in the property, the Asbestos Abatement Costs and Time Frames should be included in the Study. Because a Reserve Study is not a Structural or Home Inspection, the Reserve Specialist may not be aware of Utility Line Issues or Asbestos. The Board of Directors and the Community Manager must inform the Specialist of any issues that may be present.

## **Reserve Study Specialist Experience and Qualifications**

Mari Jo Betterley, RSS 0000025

\*Over 2500 Reserve Studies and Reserve Study Updates completed worldwide.

\*Reserve Study Specialist 2004-Present

\*Graduate- University of Nevada Reno- 1983

\*Attendance 800+ Homeowner Association Executive Board Meetings and HOA Meetings

\*State of Nevada Instructor Continuing Education Classes:

"Reserve Studies - Working With the Experts in the Field -Pavement Engineer" - CE.0166500-

CAM " "Manager's Role/ How to Read and Interpret a Reserve Study"- CE.0166000-CAM

" Reserve Studies- Meet the Experts- Painting and Surface Treatment"- C.E.0166600-CAM

"Reserve Studies From Start to Finish- Fundamentals" – CE.0166400-CAM

\*Community Association Institute Business Partner

## **Conflict of Interest**

There is no relationship with this Association that could result in actual or perceived conflicts of interest. The Reserve Study Specialist does not expect to receive any direct or indirect compensation or profits from any person who will perform services for the client.

There is no affiliation with, or financial interest in the association for which the reserve study specialist will prepare the reserve study; and The Reserve Study Specialist does not have a personal relationship with any unit's owner, member of the executive board of the association for which the reserve study specialist will prepare the reserve study.

## **Sources Relied Upon in Determining the Component Estimated Useful Life, Remaining Useful Life and today's cost**

Better Reserve Consultants uses "real costs and numbers" whenever possible. We rely on the Management Company and the Board of Directors to provide actual bids, invoices and estimates for the Component Measurements, Replacement Costs and Estimated time frames.

If the Management Company does not have the "history" of the component information, we may ask a third party Contractor to evaluate and measure the property.

Any consultants and other persons with expertise used to assist in the preparation of the reserve study names have been included in this Study.

## **Initial Reserve Bank Balance**

The Beginning Reserve Balance for this Reserve Study has been provided by the Management Company/ Board of Directors. If the Reserve Study Site Inspection Date is not the date that the Reserve Study was prepared, the Initial Reserves may be an estimation of a future Reserve Bank Account Balance.



## **Board of Directors Responsibility**

The Board of the Directors, the Management Company and the Reserve Study Specialist must work "hand in hand" to complete an accurate Reserve Study.

The Board of Directors must take full "ownership" in the Reserve Study. They should be involved in the process every step of the way. The Board of Directors or Manager should walk the property with the Reserve Study Specialist and discuss the "history" of the components as well as the Board's future plans for the Association. If the walkthrough is not possible, then a phone conversation to discuss the details of the Association may be adequate.

When the preliminary Study is provided, the Board of Directors should read it carefully and ensure that all information is correct. The Board of Directors should attend a Workshop or Board Meeting to discuss the Study in detail with the Reserve Study Specialist to ensure accuracy and understanding.

When the Study is adopted by the Board, the Board of Directors should think of it as a real tool to plan the future condition of the Association. Some Board Members say that they "carry the Study with them to every meeting," reviewing the plans and updating the study at each meeting. By NRS requirements, the Study is to be reviewed on an annual basis. I always tell the Board of Directors to think of themselves as "Pioneers" for their Association. It doesn't matter if the Association is 3 years old or 30 years old.... What you do now will affect the future condition of the Association.

## **Calculations**

This Study Fully Funded Balance is based upon the National Standards set forth through the Community Association Institute. The Fully Funded Balance is defined as: Total Accrued Depreciation-An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulae can be utilized depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

$$FFB = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$$

or

$$FFB = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate})^{\text{Remaining Life}}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate})^{\text{Remaining Life}}]$$

## **Threshold Funding Method**

This Reserve Study is based on the Threshold Funding Method: Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Other Funding Methods include the Baseline Funding and Full Funding Methods.

An Update or a Full Reserve Study should be completed at least every year or if any of the following situations occur: If there are changes in the Management Company, Interest Rates, Changes in Inflation, or the Economy, after any major project completion or prior to beginning a major project (such as Roofing, Painting, Overlay, etc.), after a catastrophic event such as a fire or flood. The Study is a "working tool" or "living document" that should evolve and be updated with real costs and numbers.

NRS 116.31144--Audit and review of financial statements. 1.Except as otherwise provided in subsection 2, the executive board shall: (a)If the annual budget of the association is \$45,000 or more but less than \$75,000, cause the financial statement of the association to be reviewed by an independent certified public accountant during the year immediately preceding the year in which a study of the reserves of the association is to be conducted pursuant to NRS 116.31152. (b)If the annual budget of the association is \$75,000 or more but less than \$150,000, cause the financial statement of the association to be reviewed by an independent certified public accountant every fiscal year. (c)If the annual budget of the association is \$150,000 or more, cause the financial statement of the association to be audited by an independent certified public accountant every fiscal year.

### **Disclosures**

The Initial Reserve Fund Bank Account Balance and Interest Rate was provided by the Management Company or Board of Directors. The Reserve Study Specialist did not verify or audit this fund.

There are no guarantees, express or implied, with the predictions of the cost or life expectancy of any of the major components.

Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer.

A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited.

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

Material issues which, if not disclosed, would cause the condition of the association to be misrepresented.

The projected life expectancy of the major components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components and dramatically increase the funding needs of the reserves of the association.

A Reserve Study is not a Structural or Home Inspection. This Reserve Study is based on the information provided to the Reserve Study Specialist. The Reserve Bank Balance, Components Cost and Estimated Useful life is based on information provided by the Management Company and/ or Board of Directors that was not audited.

## **Funding Summary**

The Reserve Study Funding Plan is based on the Assumption that there are no unforeseen circumstances that would alter the components Repair, Replacement, Restoration or Maintenance Costs and Estimated Remaining or Useful Life. The Recommended Reserve Contribution and Funding Levels chart, included in this Study, must be followed.

## **Funding Status**

The Grand Sierra Resort Unit Owners Association is adequately funded as long as the Recommended Reserve Contribution Funding Chart is followed and there are no unforeseen circumstances that would affect the components useful life.

## **Delivery to Association of Property Held or Controlled by Declarant**

NRS 116.31038 Delivery to association of property held or controlled by declarant. In addition to any applicable requirement set forth in NRS 116.310395, within 30 days after units' owners other than the declarant may elect a majority of the members of the executive board, the declarant shall deliver to the association all property of the units' owners and of the association held by or controlled by the declarant, including:....

3.A complete study of the reserves of the association, conducted by a person who is registered as a reserve study specialist pursuant to chapter 116A of NRS. At the time the control of the declarant ends, the declarant shall:

(a) Except as otherwise provided in this paragraph, deliver to the association a reserve account that contains the declarant's share of the amounts then due, and control of the account. If the declaration was recorded before October 1, 1999, and, at the time the control of the declarant ends, the declarant has failed to pay his or her share of the amounts due, the executive board shall authorize the declarant to pay the deficiency in installments for a period of 3 years, unless the declarant and the executive board agree to a shorter period.

(b) Disclose, in writing, the amount by which the declarant has subsidized the association's dues on a per unit or per lot basis.

4. The association's money or control thereof.

## **"Adequately Funded"**

Nevada Revised Statute requires that the Association Reserve Fund is "Adequately Funded." NAC 116.425 Reserve study: Contents. (NRS 116.31152, 116.615) .....

2. ... "adequately funded reserve" means the funds sufficient to maintain the common elements:

(a) At the level described in the governing documents and in a reserve study; and

(b) Without using the funds from the operating budget or without special assessments, except for occurrences that are a result of unforeseen catastrophic events.

A Reserve Study is considered a "working tool" and should be re-evaluated every year. What is accurate this year, may not be accurate in future years. Each year the Reserve Study should be updated with recent history and actual costs along with future costs and revised plans. The Reserve Study should "evolve" and change so that it is a "living document" that the Board of Directors follows and believes in.

Thank you for this opportunity to EARN your business. It has been our pleasure to complete this Reserve Study for your Homeowners Association. Better Reserve Consultants takes pride in completing an accurate Reserve Study that is very "customized" to your Association. We are happy to attend Board Meetings, Workshops or Conference Calls at no additional cost. It is our goal that you have a Reserve Study that you will actually use as a tool - a Study that you will believe in!

Thank you,

Mari Jo Betterley, RSS  
Better Reserve Consultants

***Important Information***Reserve Study / Fiscal Year Start Date: 01/01/2018Number of Assessment Paying Members/ Units: 1

Reserve Bank Accounts Interest Rate and Balance as of: 01/01/2018

Reserve Bank Account	5.0%	<u>\$2,300,000.00</u>
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Total: \$2,300,000.00

Inflation Rate: 2.50% (Based on the average over the last 20 years)Income Tax Rate: 30.00% on Reserve Bank Account Interest OnlyCurrent Annual Reserve Contribution/ Transfer From Operating: \$4,200,000.00Total estimated current replacement costs of the major component inventory: \$10,968,570.00Special Reserve Assessment Recommended: \$0.00



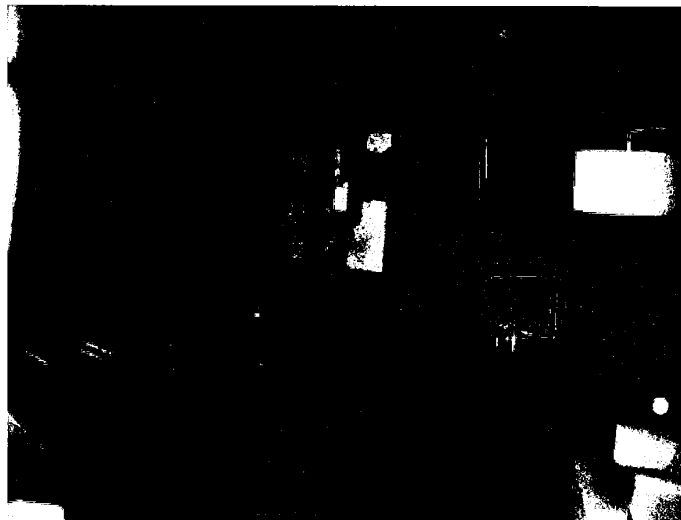
The Rooms are well maintained and in overall very good condition.



The Kitchenette Remodel or Renovation is scheduled to be done when the Units are Remodeled. The Appliance Replacement is done "as needed" through the Operating Budget.



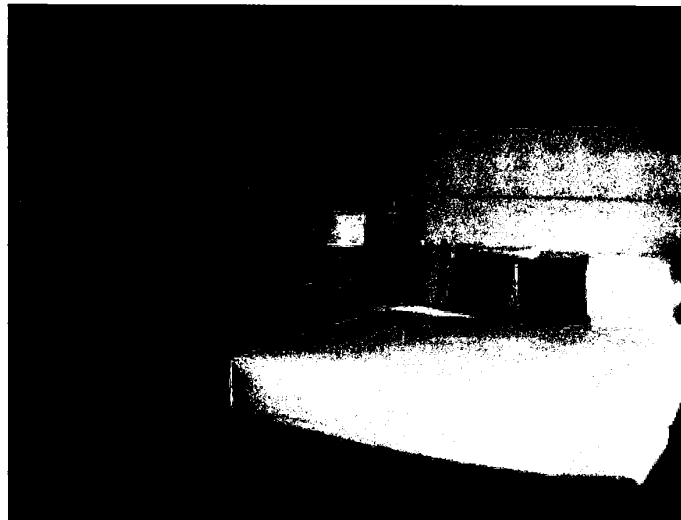
Replacement of the Bedding is done through the Operating Budget and has not been included in this Study.



Television Replacement has been included in the Study to be done "as needed" through a contingency fund. The Television System and Phone System Renovation has been scheduled for the future.



The Bathroom Remodel has been included in the Unit Remodel schedule.



Mattresses have an Estimated Useful Life When New of 5 years.  
Mattress Replacement is scheduled to be done each year, as needed.





The Rooms are scheduled to have a complete remodel every 5 years.

Tab 2

Tab 2

## Component Evaluation - Concepts

### Common Element

The Association CC&Rs typically define what a common element is. Usually, this is property owned in common by all the homeowners (rather than by an individual homeowner).

### Component

A Major Component of the common elements is any component of the common elements, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance which is included in the annual operating budget of an association.

### Units

A quantity chosen as a standard in terms of measurement. For Example, Square Footage, Linear Footage, a Condominium Unit, a Roof, etc.

### Date Last Repaired/ Replaced:

Estimated date when the Component was last Replaced, Repaired, Restored or Maintained

### Cost Per Unit

How much each unit of measurement costs to repair, replace, restore, or maintain

### Today's Cost:

Total Estimated Cost to Repair, Replace, Maintain or Restore the Component  
This may be a calculation of Costs per Unit x Number of Units or it may be a set value.

### Estimated Life When New

Estimated Time Frame that the Component should last before it is Repaired, Replaced, Restored or Maintained. This may be based on a Warranty, Historical Life Span, Manufactures/ Contractors opinion, location, etc.

### Estimated Remaining Useful Life:

The Estimated amount of time that the component will actually last from today  
This may be a calculation based on Estimated Useful Life When New minus the actual age or it could be based on other factors such as wear, condition, climate etc.



### Units

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Units - Key Fob Entry System	2019	670 units	1000.00/unit	670000.00	1	20
Units - Lighting Phase 01	2019	335 units	1000.00/unit	335000.00	1	30
Units - Lighting Phase 02	2020	335 units	1000.00/unit	335000.00	2	30
Units - Mattress Replacement (Every 5 Years)	Annual	134 units	850.00/unit	113900.00	0	1
Units - Phone System (Done 2012)	2019	670 units	401.00/unit	268670.00	1	15
Units - Remodel Phase 01	2018	335 units	13000.00/unit	4355000.00	0	5
Units - Remodel Phase 02	2019	335 units	13000.00/unit	4355000.00	1	5
Units - Television Replacement Contingency	2019	as needed	800.00	536000.00	1	5

Tab 3

Tab 3

**5 Year Planned Expenditures***This is where you will spend your money in the next 5 years***2018**

Units - Mattress Replacement (Every 5 Years)	\$113,900.00
Units - Remodel Phase 01	\$4,355,000.00
<b>Total</b>	<b>\$4,468,900.00</b>

**2019**

Units - Key Fob Entry System	\$686,750.00
Units - Lighting Phase 01	\$343,375.00
Units - Mattress Replacement (Every 5 Years)	\$116,747.50
Units - Phone System (Done 2012)	\$275,386.75
Units - Remodel Phase 02	\$4,463,875.00
Units - Television Replacement Contingency	\$549,400.00
<b>Total</b>	<b>\$6,435,534.25</b>

**2020**

Units - Lighting Phase 02	\$351,959.38
Units - Mattress Replacement (Every 5 Years)	\$119,666.19
<b>Total</b>	<b>\$471,625.57</b>

**2021**

Units - Mattress Replacement (Every 5 Years)	\$122,657.84
<b>Total</b>	<b>\$122,657.84</b>

**2022**

Units - Mattress Replacement (Every 5 Years)	\$125,724.29
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<b>Total</b>	<b>\$125,724.29</b>
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Tab 4

Tab 4



### Recommended Reserve Contribution and Funding Levels - Concepts

<b>Beginning of the Year Balance</b>	Reserve Bank Account(s) Balance as of the Beginning of the year
<b>Annual Transfer</b>	Recommended Transfer or Annual Contribution to the Reserve Account
<b>Monthly Contribution per Unit</b>	An example of the amount of money that each unit owner would contribute to the Reserve Bank Account each month
<b>Annual Expenditures</b>	Estimated Expenditures based on the Component Evaluation
<b>Investment Earnings</b>	Dollar Amount of Interest contributed to the Reserve Account based on the percent interest rate on the Reserve Bank Account - Provided by the Management Company or Board of Directors.
<b>Income Tax</b>	Estimated Income Tax - 30% of the Reserve Bank Account(s) earned interest
<b>End of the Year Balance</b>	Recommended Reserve Bank Account Ending Balance at the end of the Fiscal Year
<b>% Funded</b>	A Measure of the financial health of the Association based on funding the depreciation of each Component. The chart below indicates the financial position based on the Percent Funded.
<b>Fully Funded- 100% Funded</b>	Funding of 100% of the depreciation of each Component.

**0% - 40% Funded is considered to be a "weak" financial position. Associations that fall into this category must take action to bring the funding levels to a proper level by raising the monthly/ annual contribution or a Special Reserve Assessment.**

**40% - 74% Funded is considered to be a "fair" financial position. This does not represent financial strength and stability. The likelihood of a Special Assessment is still possible. The Association should make every effort to continue strengthening the financial position of the Reserve Fund.**

**75% - 99% Funded is considered a "strong" financial position. This indicates financial strength of a Reserve Fund and every attempt to maintain this level should be a goal of the Association.**

**100% Funded or Greater is the "ideal" financial position. This means that the Association has the funds in the Reserve Account in order to repair, replace, restore or maintain the Common Elements based on their depreciation. Some Reserve Studies will fund the Reserves up to 130% Funded. In some instances, the Reserve Fund may be over the 100% funding mark in order to prepare for larger costs that will impact the Reserve Account in the future.**

## Recommended Reserve Contribution

Year Funded	Beginning of Year Balance	Annual Transfer	Member Monthly Pmt	Annual Expenditures	Interest Earned	Income Tax	End of Year Balance	% Funded	Fully Funded (100%) Balance
2018	\$2,300,000.00	\$4,200,000.00	\$350,000.00	\$4,488,900.00	\$46,000.00	\$13,800.00	\$2,063,300.00	27.47	\$7,511,632.13
2019	\$2,063,300.00	\$5,500,000.00	\$458,333.33	\$6,435,534.25	\$41,286.00	\$12,379.80	\$1,156,651.95	33.86	\$3,416,140.55
2020	\$1,156,651.95	\$2,300,000.00	\$191,666.67	\$471,625.57	\$23,133.00	\$6,939.90	\$3,001,219.48	57.68	\$5,203,446.26
2021	\$3,001,219.48	\$2,300,000.00	\$191,666.67	\$122,657.84	\$60,024.00	\$18,007.20	\$5,220,578.44	70.58	\$7,397,111.26
2022	\$5,220,578.44	\$2,400,000.00	\$200,000.00	\$125,724.29	\$104,412.00	\$31,323.60	\$7,567,942.55	78.41	\$9,652,006.71
2023	\$7,567,942.55	\$2,500,000.00	\$208,333.33	\$5,056,150.17	\$151,359.00	\$45,407.70	\$5,117,743.68	71.65	\$7,143,126.94
2024	\$5,117,743.68	\$2,600,000.00	\$216,666.67	\$5,804,149.59	\$102,355.00	\$30,706.50	\$1,985,242.59	50.20	\$3,954,495.18
2025	\$1,985,242.59	\$2,700,000.00	\$225,000.00	\$135,391.31	\$39,705.00	\$11,911.50	\$4,577,644.78	71.84	\$6,372,169.91
2026	\$4,577,644.78	\$2,700,000.00	\$225,000.00	\$138,776.09	\$91,553.00	\$27,465.90	\$7,202,955.79	81.29	\$8,860,806.74
2027	\$7,202,955.79	\$2,700,000.00	\$225,000.00	\$142,245.49	\$144,059.00	\$43,217.70	\$9,861,551.60	86.37	\$11,418,378.23
2028	\$9,861,551.60	\$2,700,000.00	\$225,000.00	\$5,720,569.82	\$197,231.00	\$59,169.30	\$6,979,043.48	81.29	\$8,585,786.81
2029	\$6,979,043.48	\$2,800,000.00	\$233,333.33	\$6,566,862.51	\$139,581.00	\$41,874.30	\$3,309,887.67	66.41	\$4,983,679.61
2030	\$3,309,887.67	\$2,800,000.00	\$233,333.33	\$153,182.84	\$66,198.00	\$19,859.40	\$6,003,043.43	77.72	\$7,724,100.56
2031	\$6,003,043.43	\$2,800,000.00	\$233,333.33	\$157,012.41	\$120,061.00	\$36,018.30	\$8,730,073.72	82.79	\$10,544,257.06
2032	\$8,730,073.72	\$2,900,000.00	\$241,666.67	\$160,937.72	\$174,601.00	\$52,380.30	\$11,591,356.70	86.23	\$13,441,792.30
2033	\$11,591,356.70	\$2,900,000.00	\$241,666.67	\$6,472,299.68	\$231,827.00	\$69,548.10	\$8,181,335.92	79.89	\$10,240,170.57
2034	\$8,181,335.92	\$2,900,000.00	\$241,666.67	\$7,828,644.31	\$163,627.00	\$49,088.10	\$3,367,230.51	58.30	\$5,776,063.16
2035	\$3,367,230.51	\$3,000,000.00	\$250,000.00	\$173,312.32	\$67,345.00	\$20,203.50	\$6,241,059.69	70.31	\$8,876,830.92
2036	\$6,241,059.69	\$3,200,000.00	\$266,666.67	\$177,645.13	\$124,821.00	\$37,446.30	\$9,350,789.26	77.49	\$12,067,562.36
2037	\$9,350,789.26	\$3,200,000.00	\$266,666.67	\$182,086.26	\$187,016.00	\$56,104.80	\$12,499,614.20	81.45	\$15,345,566.90
2038	\$12,499,614.20	\$3,200,000.00	\$266,666.67	\$7,322,813.01	\$249,992.00	\$74,997.60	\$8,551,795.59	72.95	\$11,722,635.67
2039	\$8,551,795.59	\$3,300,000.00	\$275,000.00	\$9,531,459.04	\$171,036.00	\$51,310.80	\$2,440,061.75	40.61	\$6,009,163.31
2040	\$2,440,061.75	\$3,300,000.00	\$275,000.00	\$196,086.98	\$48,801.00	\$14,640.30	\$5,578,135.47	58.64	\$9,512,849.70
2041	\$5,578,135.47	\$3,300,000.00	\$275,000.00	\$200,989.16	\$111,563.00	\$33,468.90	\$8,755,240.41	66.74	\$13,118,957.70
2042	\$8,755,240.41	\$3,900,000.00	\$325,000.00	\$206,013.89	\$175,105.00	\$52,531.50	\$12,571,800.02	74.72	\$16,824,513.38
2043	\$12,571,800.02	\$4,100,000.00	\$341,666.67	\$8,285,090.78	\$251,436.00	\$75,430.80	\$8,562,714.44	67.30	\$12,723,075.24
2044	\$8,562,714.44	\$4,400,000.00	\$366,666.67	\$9,510,774.94	\$171,254.00	\$51,376.20	\$3,571,817.30	47.58	\$7,506,674.67
2045	\$3,571,817.30	\$4,400,000.00	\$366,666.67	\$221,854.42	\$71,436.00	\$21,430.80	\$7,799,968.08	67.97	\$11,475,625.17
2046	\$7,799,968.08	\$4,800,000.00	\$400,000.00	\$227,400.78	\$155,999.00	\$46,799.70	\$12,481,766.60	80.22	\$15,559,485.73
2047	\$12,481,766.60	\$4,800,000.00	\$400,000.00	\$233,085.80	\$249,635.00	\$74,890.50	\$17,223,425.30	87.19	\$19,754,789.24
Total:		\$98,600,000.00		\$86,429,276.40	3,932,431.00	1,179,729.30			

## Reserve Budget Summary

Homeowners,

This Summary meets the NRS 116.31151 requirement of the Annual distribution to units' owners of operating and reserve budgets. It is provided to all individual homeowners as a recap of the Reserve Study that has been adopted by the Board of Directors.

A Full Reserve Study with a site inspection is required at least every 5 years by Nevada law. The Reserve Study should be updated each year with the estimated Reserve Bank Account Balance, Real Component Costs and actual time frames. Adjustments to the Association's funding plan should be made to provide adequate funding for the required reserves.

NRS 116.31152 Study of reserves; duties of executive board regarding study; person who conducts study required to hold permit; contents of study; submission of summary of study to Division; use of money credited against residential construction tax for upkeep of park facilities and related improvements identified in study.

1. The executive board shall:

(a) At least once every 5 years, cause to be conducted a study of the reserves required to repair, replace and restore the major components of the common elements;

(b) At least annually, review the results of that study to determine whether those reserves are sufficient; and

(c) At least annually, make any adjustments to the association's funding plan which the executive board deems necessary to provide adequate funding for the required reserves.

A copy of the entire Reserve Study is available by contacting the Community Management Company.

Reserve Study Start Date: 01/01/2018

Reserve Bank Balance as of Fiscal Year Start Date: \$2,300,000.00

Recommended Annual Contribution to the Reserve Account: \$4,200,000.00

Estimated Expenditures: \$4,468,900.00

Projected Reserve Bank Balance at the End of the Fiscal Year: \$2,063,300.00

Planned Special Reserve Assessments: \$0.00

Study Method: Threshold Funding

Reserve Study Completed By: Reserve Study Specialist: RSS Mari Jo Betterley, 0000025, Better Reserve Consultants

**Major Components of the Common Elements to be  
Repaired, Replaced, Restored or Maintained**

Component	Today's Cost	Estimated Remaining Useful Life	Estimated Life When New
<u>Units</u>			
Units - Key Fob Entry System	670,000.00	1	20
Units - Lighting Phase 01	335,000.00	1	30
Units - Lighting Phase 02	335,000.00	2	30
Units - Mattress Replacement (Every 5 Years)	113,900.00	0	1
Units - Phone System (Done 2012)	268,670.00	1	15
Units - Remodel Phase 01	4,355,000.00	0	5
Units - Remodel Phase 02	4,355,000.00	1	5
Units - Television Replacement Contingency	536,000.00	1	5
<b>Total:</b>	<b>10,968,570.00</b>		

Grand Sierra Resort - FF&E

Start Date: 01/01/2018

## Projected Expenses By Year - Decade 1 of 3

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## Projected Expenses By Year - Decade 1 of 3

## Units

Component	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Units - Key Fob Entry System	0.00	686,750.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Lighting Phase 01	0.00	343,375.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Lighting Phase 02	0.00	0.00	351,959.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Mattress Replacement (Every 5 Years)	113,900.00	116,747.50	119,666.19	122,657.84	125,724.29	128,867.40	132,089.08	135,391.31	138,776.09	142,245.49
Units - Phone System (Done 2012)	0.00	275,386.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Remodel Phase 01	4,355,000.00	0.00	0.00	0.00	0.00	4,927,282.77	0.00	0.00	0.00	0.00
Units - Remodel Phase 02	0.00	4,463,875.00	0.00	0.00	0.00	0.00	5,050,464.84	0.00	0.00	0.00

## Projected Expenses By Year - Decade 1 of 3

Units - Television Replacement Contingency	0.00	549,400.00	0.00	0.00	0.00	0.00	0.00	621,595.67	0.00	0.00	0.00
<b>Subtotal</b>	4,468,900.00	6,435,534.25	471,625.57	122,657.84	125,724.29	5,056,150.17	5,804,149.59	135,391.31	138,776.09	142,245.49	

<b>Total</b>	4,468,900.00	6,435,534.25	471,625.57	122,657.84	125,724.29	5,056,150.17	5,804,149.59	135,391.31	138,776.09	142,245.49
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**Projected Expenses By Year - Decade 2 of 3**



## Projected Expenses By Year - Decade 2 of 3

## Units

Component	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
Units - Key Fob Entry System	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Lighting Phase 01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Lighting Phase 02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Units - Mattress Replacement (Every 5 Years)	142,245.49	145,801.63	149,446.67	153,182.84	157,012.41	160,937.72	164,961.16	169,085.19	173,312.32	177,645.13
Units - Phone System (Done 2012)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	398,842.13	0.00	0.00
Units - Remodel Phase 01	0.00	5,574,768.19	0.00	0.00	0.00	0.00	6,307,338.52	0.00	0.00	0.00
Units - Remodel Phase 02	0.00	0.00	5,714,137.39	0.00	0.00	0.00	0.00	6,465,021.98	0.00	0.00

## Projected Expenses By Year - Decade 2 of 3

Units - Television Replacement Contingency	0.00	0.00	703,278.45	0.00	0.00	0.00	0.00	0.00	795,695.01	0.00	0.00
<b>Subtotal</b>	142,245.49	5,720,569.82	6,566,862.51	153,182.84	157,012.41	160,937.72	6,472,299.68	7,828,644.31	173,312.32	177,645.13	0.00

<b>Total</b>	142,245.49	5,720,569.82	6,566,862.51	153,182.84	157,012.41	160,937.72	6,472,299.68	7,828,644.31	173,312.32	177,645.13	
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**Projected Expenses By Year - Decade 3 of 3**

## Projected Expenses By Year - Decade 3 of 3

## Units

Component	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	2045-46	2046-47	Total
Units - Key Fob Entry System	0.00	0.00	1,125,319.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,812,069.84
Units - Lighting Phase 01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	343,375.00
Units - Lighting Phase 02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	351,959.38
Units - Mattress Replacement (Every 5 Years)	182,086.26	186,638.41	191,304.37	196,086.98	200,989.16	206,013.89	211,164.23	216,443.34	221,854.42	227,400.78	4,909,677.59
Units - Phone System (Done 2012)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	674,228.88
Units - Remodel Phase 01	0.00	7,136,174.60	0.00	0.00	0.00	0.00	8,073,926.55	0.00	0.00	0.00	36,374,490.63
Units - Remodel Phase 02	0.00	0.00	7,314,578.96	0.00	0.00	0.00	0.00	8,275,774.71	0.00	0.00	37,283,852.88

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## Projected Expenses By Year - Decade 3 of 3

Units - Television Replacement Contingency	0.00	0.00	900,255.87	0.00	0.00	0.00	0.00	0.00	1,018,556.89	0.00	0.00	4,588,781.89
Subtotal	182,086.26	7,322,813.01	9,531,459.04	196,086.98	200,989.16	206,013.89	8,285,090.78	9,510,774.94	221,854.42	227,400.78	36,338,436.09	

<b>Total</b>	182,086.26	7,322,813.01	9,531,459.04	196,086.98	200,989.16	206,013.89	8,285,090.78	9,510,774.94	221,854.42	227,400.78	36,338,436.09
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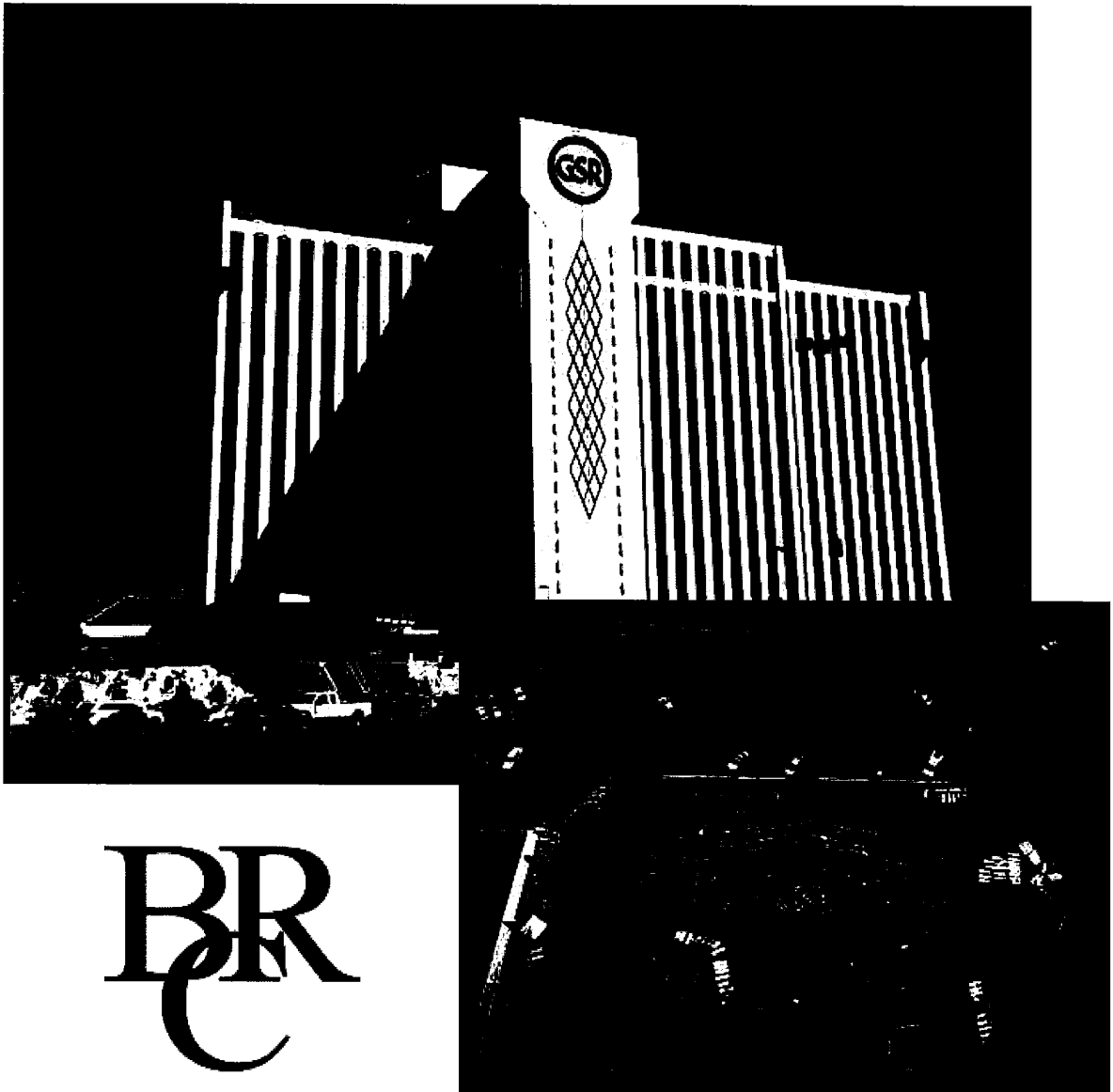
Tab 5

Tab 5

# **Grand Sierra Resort - Hotel Related Components**

## **Annual Review Without Site Visit**

Start Date: 01/01/2018



**Better Reserve Consultants**

RSS Mari Jo Betterley, RSS 0000025

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***Important Information***Reserve Study / Fiscal Year Start Date: 01/01/2018Number of Assessment Paying Members/ Units: 1

Reserve Bank Accounts Interest Rate and Balance as of: 01/01/2018

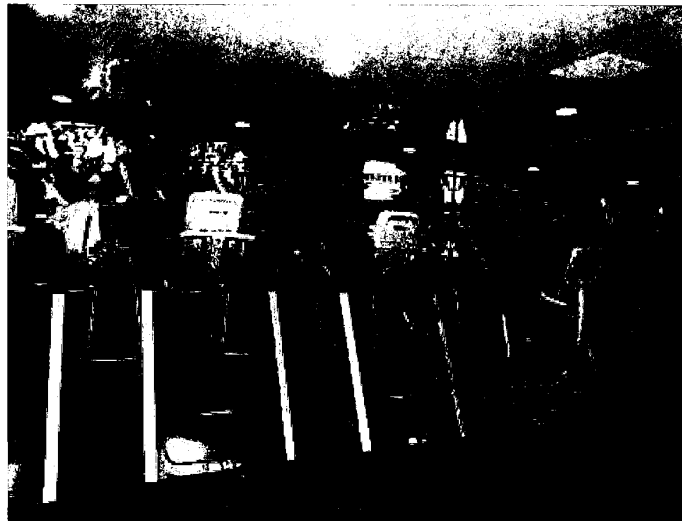
Reserve Bank Account	2.0%	<u>\$2,000,000.00</u>
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Total: \$2,000,000.00

Inflation Rate: 2.50% (Based on the average over the last 20 years)Income Tax Rate: 30.00% on Reserve Bank Account Interest OnlyCurrent Annual Reserve Contribution/ Transfer From Operating: \$1,000,000.00Total estimated current replacement costs of the major component inventory: \$7,252,200.00Special Reserve Assessment Recommended: \$0.00



The Elevator Modernization has been included in the Study to be done in Phases beginning 2017.



The Fitness Center Components include the Flooring Replacement, Painting, Equipment Replacement, TV's and Lighting and Electrical.



Maintenance of the Stairway area is considered and Operational Expense and has not been included in this Study.



A complete Renovation of the Pool Area will be completed in the years 2016-2017. Future maintenance costs have been included as an estimation only.



The Casino Area, Restaurants, Theatre, Spa, Bowling Alley, Movie Theatre, etc. are not considered part of the Hotel Related Components.



The Front Desk Area Remodel has been included in this Study because it relates directly to the Hotel. This includes TV Replacement, Remodel, and Lighting and Electrical.



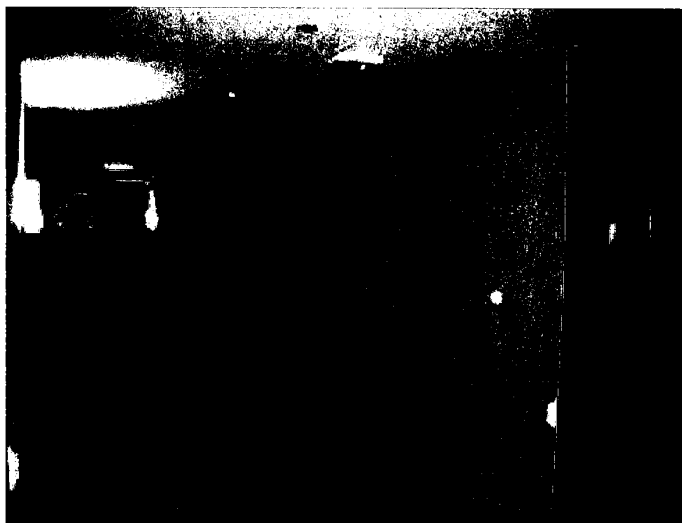
"Traffic Areas" have been included in the Common Area Reserve Study.



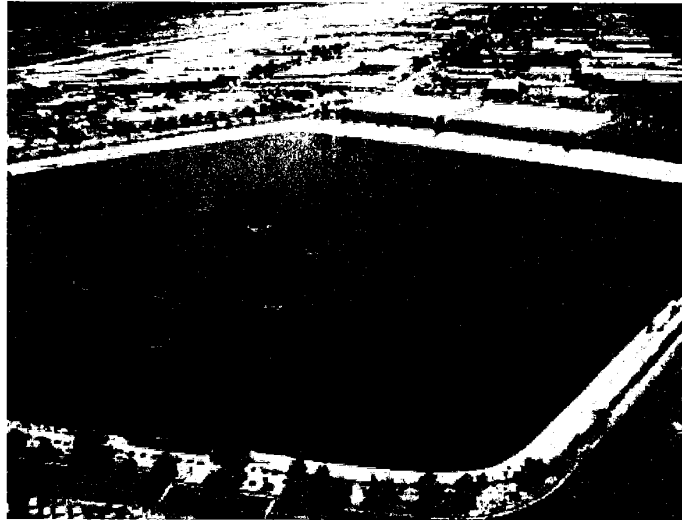
The Tile and Marble used at the Entrance Area to the Elevators are "life time" products that have an estimated useful life of more than 30 years. Replacement has not been included in this Study. Other products such as the veneer and furnishings have been included in the Study as a Renovation.



The Elevators Modernization has been included in the Study in Phases beginning in 2017.



The Hallway Renovation includes Painting, Wallpaper, New Furnishings, New Carpeting, Decorations and Lighting.



The Driving Range and Lake are not considered part of the Hotel. It is an amenity that is paid for separately by the customers.



Computer Equipment, Desks and Remodel of the Switchboard Room are considered and Operating Expense and have not been included in the Study.

Tab 6

Tab 6



## Component Evaluation - Concepts

### Common Element

The Association CC&Rs typically define what a common element is. Usually, this is property owned in common by all the homeowners (rather than by an individual homeowner).

### Component

A Major Component of the common elements is any component of the common elements, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance which is included in the annual operating budget of an association.

### Units

A quantity chosen as a standard in terms of measurement. For Example, Square Footage, Linear Footage, a Condominium Unit, a Roof, etc.

### Date Last Repaired/ Replaced:

Estimated date when the Component was last Replaced, Repaired, Restored or Maintained

### Cost Per Unit

How much each unit of measurement costs to repair, replace, restore, or maintain.

### Today's Cost:

Total Estimated Cost to Repair, Replace, Maintain or Restore the Component  
This may be a calculation of Costs per Unit x Number of Units or it may be a set value.

### Estimated Life When New

Estimated Time Frame that the Component should last before it is Repaired, Replaced, Restored or Maintained. This may be based on a Warranty, Historical Life Span, Manufactures/ Contractors opinion, location, etc.

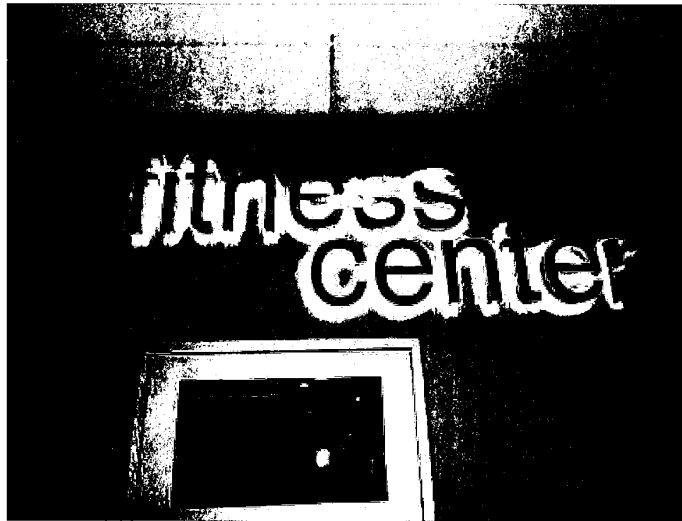
### Estimated Remaining Useful Life:

The Estimated amount of time that the component will actually last from today  
This may be a calculation based on Estimated Useful Life When New minus the actual age or it could be based on other factors such as wear, condition, climate etc.



### Common Area

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Common Area - Elevator Modernization Phase 01 (Mid Rise)	2018	5 units	100000.00/unit	500000.00	0	25
Common Area - Elevator Modernization Phase 02 (High Rise)	2021	5 units	100000.00/unit	500000.00	3	25
Common Area - Elevator Modernization Phase 03 (Low Rise)	2019	3 units	100000.00/unit	300000.00	1	25
Common Area - Escalator Refurbishment Phase 01	2019	as needed	250000.00	250000.00	1	30
Common Area - Escalator Refurbishment Phase 02	2020	as needed	250000.00	250000.00	2	30
Common Area - Escalator Refurbishment Phase 03	2021	as needed	250000.00	250000.00	3	30

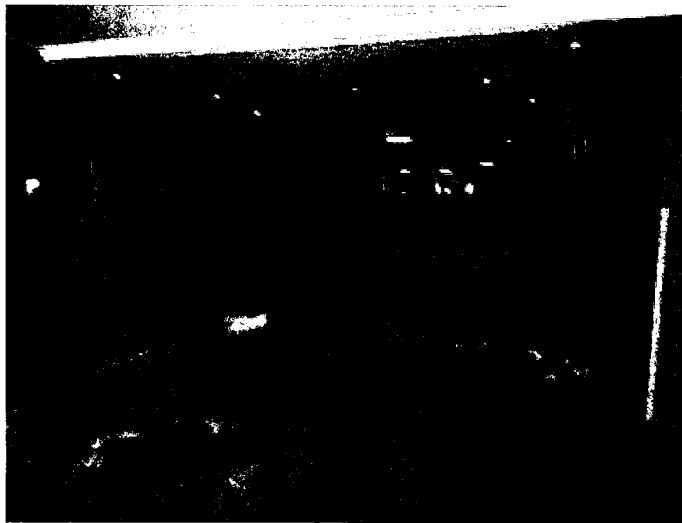


### Fitness Center

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Fitness Center - Component: Cabinet-Water, Towels, Laundry	2031	1 unit	2500.00	2500.00	13	15
Fitness Center - Component: Carpet Replacement	2021	160 sq ft	15.00/sq ft	2400.00	3	5
Fitness Center - Component: Ceiling Fans, Electrical and Lighting Contingency	2026	1 unit	2500.00	2500.00	8	10
Fitness Center - Component: Door Replacement	2027	1 unit	2000.00	2000.00	9	20
Fitness Center - Component: Elliptical Trainer with Touch Screen	2021	6 units	4500.00/unit	27000.00	3	5
Fitness Center - Component: Interior Painting	2021	1 unit	2500.00	2500.00	3	5
Fitness Center - Component: Key Fob Security System	2019	1 unit	2500.00	2500.00	1	3
Fitness Center - Component: Precore Benches	2021	2 units	500.00/unit	1000.00	3	5
Fitness Center - Component: Precore Exercise Bike with Touch Screen	2021	2 units	3500.00/unit	7000.00	3	5

**Fitness Center (Continued)**

<b>Component</b>	<b>Year Scheduled</b>	<b>Units</b>	<b>Cost Per Unit</b>	<b>Today's Cost</b>	<b>Estimated Remaining Useful Life (Years)</b>	<b>Estimated Life When New (Years)</b>
Fitness Center - Component: Sound System	2026	1 unit	1500.00	1500.00	8	10
Fitness Center - Component: Stairmaster with Touch Screen	2021	1 unit	3500.00	3500.00	3	5
Fitness Center - Component: Treadmill with Touch Screen	2021	4 units	4500.00/unit	18000.00	3	5
Fitness Center - Component: TV Replacement	2021	4 units	450.00/unit	1800.00	3	5
Fitness Center - Component: Weight Machine	2031	1 unit	10000.00	10000.00	13	15
Fitness Center - Component: Weights and Stand	2031	1 unit	2000.00	2000.00	13	15



### Hallways

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Hallways - Artwork, Decorations and Furniture Phase 01	2019	13 units	5000.00/unit	65000.00	1	5
Hallways - Artwork, Decorations and Furniture Phase 02	2020	13 units	5000.00/unit	65000.00	2	5
Hallways - Flooring Phase 01	2019	13 units	110000.00/unit	1430000.00	1	5
Hallways - Flooring Phase 02	2020	13 units	110000.00/unit	1430000.00	2	5
Hallways - Lighting and Electrical Phase 01	2019	as needed	5000.00	65000.00	1	10
Hallways - Lighting and Electrical Phase 02	2020	as needed	5000.00	65000.00	2	10
Hallways - Painting and Wall Covering Phase 01	2019	13 units	50000.00/unit	650000.00	1	10
Hallways - Painting and Wall Covering Phase 02	2020	13 units	50000.00/unit	650000.00	2	10

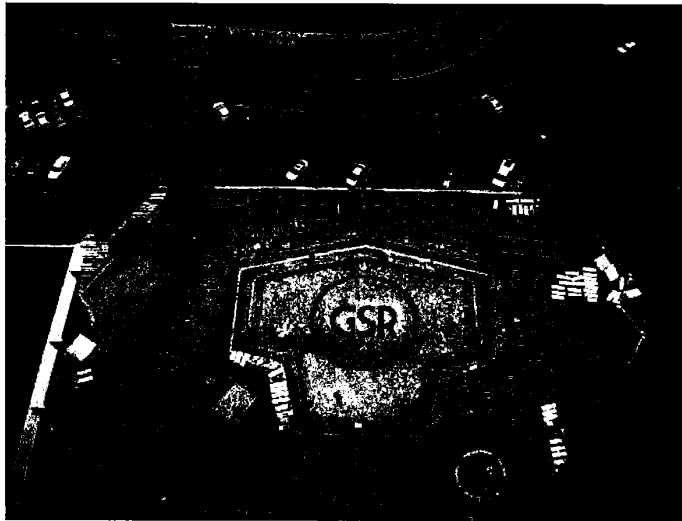
# Grand Sierra Resort - Hotel Related Components

Start Date: 01/01/2018



## Lobby

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Lobby - Front Desk Renovation	2026	as needed	50000.00	50000.00	8	10



### Pool Area

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	Annual	as needed	10000.00	10000.00	0	1
Pool Area - Component: Ice Rink Replacement (Future)	2032	1 unit	500000.00	500000.00	14	15
Pool Area - Furniture Replacement	2020	as needed	40000.00	40000.00	2	3
Pool Area - Pool Resurface (Future)	2027	2 units	25000.00/unit	50000.00	9	10
Pool Area - Restroom Remodel (Future)	2027	2 units	15000.00/unit	30000.00	9	10
Pool Area - Spa Resurface (Future)	2023	2 units	8000.00/unit	16000.00	5	6

Tab 7

Tab 7



**5 Year Planned Expenditures***This is where you will spend your money in the next 5 years***2018**

Common Area - Elevator Modernization Phase 01 (Mid Rise)	\$500,000.00
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Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	\$10,000.00
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<b>Total</b>	<b>\$510,000.00</b>
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**2019**

Common Area - Elevator Modernization Phase 03 (Low Rise)	\$307,500.00
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Common Area - Escalator Refurbishment Phase 01	\$256,250.00
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Fitness Center - Component: Key Fob Security System	\$2,562.50
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Hallways - Artwork, Decorations and Furniture Phase 01	\$66,625.00
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Hallways - Flooring Phase 01	\$1,465,750.00
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Hallways - Lighting and Electrical Phase 01	\$66,625.00
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Hallways - Painting and Wall Covering Phase 01	\$666,250.00
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Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	\$10,250.00
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<b>Total</b>	<b>\$2,841,812.50</b>
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**2020**

Common Area - Escalator Refurbishment Phase 02	\$262,656.25
Hallways - Artwork, Decorations and Furniture Phase 02	\$68,290.63
Hallways - Flooring Phase 02	\$1,502,393.75
Hallways - Lighting and Electrical Phase 02	\$68,290.63
Hallways - Painting and Wall Covering Phase 02	\$682,906.25
Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	\$10,506.25
Pool Area - Furniture Replacement	\$42,025.00

**Total** **\$2,637,068.76**

**2021**

Common Area - Elevator Modernization Phase 02 (High Rise)	\$538,445.31
Common Area - Escalator Refurbishment Phase 03	\$269,222.66
Fitness Center - Component: Carpet Replacement	\$2,584.54
Fitness Center - Component: Elliptical Trainer with Touch Screen	\$29,076.05
Fitness Center - Component: Interior Painting	\$2,692.23
Fitness Center - Component: Precore Benches	\$1,076.89
Fitness Center - Component: Precore Exercise Bike with Touch Screen	\$7,538.23
Fitness Center - Component: Stairmaster with Touch Screen	\$3,769.12
Fitness Center - Component: Treadmill with Touch Screen	\$19,384.03
Fitness Center - Component: TV Replacement	\$1,938.40
Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	\$10,768.91

**Total** **\$886,496.37**

Grand Sierra Resort - Hotel Related Components

Start Date: 01/01/2018

**2022**

Fitness Center - Component: Key Fob Security System	\$2,759.53
Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	\$11,038.13

<b>Total</b>	<b>\$13,797.66</b>
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Tab 8

Tab 8