

IN THE SUPREME COURT OF THE STATE OF NEVADA

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*Supreme Court Case No.*

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Elizabeth A. Brown  
Clerk of Supreme Court

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 6 of 10**

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*Attorneys for Petitioners*

## CHRONOLOGICAL INDEX

<b>Description</b>	<b>Date</b>	<b>Vol. Nos.</b>	<b>Bates Nos.</b>
Complaint	8/27/2012	1	PA0001-0022
Second Amended Complaint	3/26/2013	1	PA0023-0048
Answer to Second Amended Complaint and Counterclaim	5/23/2013	1	PA0049-0065
Order Granting Plaintiffs' Motion for Case-Terminating Sanctions	10/3/2014	1	PA0066-0078
Motion for Appointment of Receiver	10/16/2014	1-2	PA0079-0408
Defendants' Opposition to Plaintiffs' Motion for a Receiver	11/5/2014	2	PA0409-0415
Reply in Support of Motion for Appointment of Receiver	11/17/2014	2-3	PA0416-0460
Default	11/26/2014	3	PA0461-0462
Order Appointing Receiver and Directing Defendants' Compliance	1/7/2015	3	PA0463-0620
Notice of Entry of Order	1/7/2015	3	PA0621-0635
Findings of Fact, Conclusions of Law and Order	10/9/2015	3	PA0636-0659
Stipulation and Order Regarding the Court's Findings of Fact, Conclusions of Law and Judgment	11/3/2015	3	PA0660-0661
Defendants' Motion for Instructions to Receiver Regarding Reimbursement of Capital Expenditures	5/21/2020	3-4	PA0662-0704

<b>Description</b>	<b>Date</b>	<b>Vol. Nos.</b>	<b>Bates Nos.</b>
Opposition to Defendants' Motion for Instructions to Receiver Regarding Reimbursement of Capital Expenditures	6/18/2020	4	PA0705-0717
Defendants' Reply in Support of Motion for Instructions to Receiver Regarding Reimbursement of Capital Expenditures	7/10/2020	4-6	PA0718-1198
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
Defendants' Motion for Instructions Regarding Reimbursement of 2020 Capital Expenditures	6/24/2021	6-7	PA1237-1559
Opposition to Defendants' Motion for Instructions Regarding Reimbursement of 2020 Capital Expenditures	10/11/2021	7-8	PA1560-1601
Defendants' Reply in Support of Motion for Instructions Regarding Reimbursement of 2020 Capital Expenditures	11/2/2021	8	PA1602-1629
Motion to Dismiss Pursuant to NRCP 41(e)	2/23/2022	8-9	PA1630-1893
Order	1/26/2023	9	PA1894-1896
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Transcript of Proceedings – Bench Trial	6/6/2023	9	PA1904-1959
Transcript of Proceedings – Contempt Trial Day 2	6/7/2023	9	PA1960-1995
Transcript of Proceedings – Order to Show Cause	6/8/2023	9-10	PA1996-2069



<b>Description</b>	<b>Date</b>	<b>Vol. Nos.</b>	<b>Bates Nos.</b>
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Order Finding Defendants in Contempt	7/27/2023	10	PA2124- 2126
Motion for Attorneys' Fees Incurred for Order to Show Cause Trial	8/16/2023	10	PA2127- 2163
Opposition to Plaintiffs' Motion for Attorney's Fees Incurred for Order to Show Cause Trial	8/25/2023	10	PA2164- 2176
Reply in Support of Motion for Attorneys' Fees Incurred for Order to Show Cause Trial	9/5/2023	10	PA2177- 2202
Order	10/3/2023	10	PA2203- 2206
Amended Order	11/28/2023	10	PA2207- 2210
Order Granting in Part Plaintiffs' Fees	1/4/2024	10	PA2211- 2212

### **ALPHABETICAL INDEX**

<b>Description</b>	<b>Date</b>	<b>Vol. Nos.</b>	<b>Bates Nos.</b>
Amended Order	11/28/2023	10	PA2207- 2210
Answer to Second Amended Complaint and Counterclaim	5/23/2013	1	PA0049- 0065
Complaint	8/27/2012	1	PA0001- 0022
Default	11/26/2014	3	PA0461- 0462

<b>Description</b>	<b>Date</b>	<b>Vol. Nos.</b>	<b>Bates Nos.</b>
Defendants' Motion for Instructions Regarding Reimbursement of 2020 Capital Expenditures	6/24/2021	6-7	PA1237-1559
Defendants' Motion for Instructions to Receiver Regarding Reimbursement of Capital Expenditures	5/21/2020	3-4	PA0662-0704
Defendants' Opposition to Plaintiffs' Motion for a Receiver	11/5/2014	2	PA0409-0415
Defendants' Reply in Support of Motion for Instructions Regarding Reimbursement of 2020 Capital Expenditures	11/2/2021	8	PA1602-1629
Defendants' Reply in Support of Motion for Instructions to Receiver Regarding Reimbursement of Capital Expenditures	7/10/2020	4-6	PA0718-1198
Final Judgment	2/2/2023	9	PA1900-1903
Findings of Fact, Conclusions of Law and Order	10/9/2015	3	PA0636-0659
Motion for Appointment of Receiver	10/16/2014	1-2	PA0079-0408
Motion for Attorneys' Fees Incurred for Order to Show Cause Trial	8/16/2023	10	PA2127-2163
Motion to Dismiss Pursuant to NRCP 41(e)	2/23/2022	8-9	PA1630-1893
Notice of Entry of Order	1/7/2015	3	PA0621-0635
Opposition to Defendants' Motion for Instructions Regarding Reimbursement of 2020 Capital Expenditures	10/11/2021	7-8	PA1560-1601
Opposition to Defendants' Motion for Instructions to Receiver Regarding Reimbursement of Capital Expenditures	6/18/2020	4	PA0705-0717

<b>Description</b>	<b>Date</b>	<b>Vol. Nos.</b>	<b>Bates Nos.</b>
Opposition to Plaintiffs' Motion for Attorney's Fees Incurred for Order to Show Cause Trial	8/25/2023	10	PA2164-2176
Order	1/26/2023	9	PA1894-1896
Order	1/26/2023	9	PA1897-1899
Order	10/3/2023	10	PA2203-2206
Order Appointing Receiver and Directing Defendants' Compliance	1/7/2015	3	PA0463-0620
Order Finding Defendants in Contempt	7/27/2023	10	PA2124-2126
Order Granting in Part Plaintiffs' Fees	1/4/2024	10	PA2211-2212
Order Granting Plaintiffs' Motion for Case-Terminating Sanctions	10/3/2014	1	PA0066-0078
Reply in Support of Motion for Appointment of Receiver	11/17/2014	2-3	PA0416-0460
Reply in Support of Motion for Attorneys' Fees Incurred for Order to Show Cause Trial	9/5/2023	10	PA2177-2202
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>
Transcript of Proceedings – Contempt Trial Day 2	6/7/2023	9	PA1960- 1995
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.

PISANELLI BICE PLLC

By: /s/ Jordan T. Smith

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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 6 of 10** properly addressed to the following:

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Second Judicial District Court  
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*Respondent*

/s/ Cinda Towne  
An employee of PISANELLI BICE PLLC

### 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.**

Grand Sierra Resort - FF&amp;E

Start Date: 01/01/2019

**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
2019	\$7,155,910.00	\$2,100,000.00	\$175,000.00	\$670,000.00	\$357,796.00	\$107,338.80	\$8,836,367.20	91.79	\$9,626,771.31
2020	\$8,836,367.20	\$2,100,000.00	\$175,000.00	\$5,632,036.75	\$441,818.00	\$132,545.40	\$5,613,603.05	88.04	\$6,376,200.98
2021	\$5,613,603.05	\$2,100,000.00	\$175,000.00	\$5,452,743.76	\$280,680.00	\$84,204.00	\$2,457,335.29	76.40	\$3,216,486.93
2022	\$2,457,335.29	\$2,200,000.00	\$183,333.33	\$0.00	\$122,867.00	\$36,860.10	\$4,743,342.19	85.92	\$5,520,355.49
2023	\$4,743,342.19	\$2,200,000.00	\$183,333.33	\$0.00	\$237,167.00	\$71,150.10	\$7,109,359.09	89.11	\$7,978,345.48
2024	\$7,109,359.09	\$2,200,000.00	\$183,333.33	\$565,704.11	\$355,468.00	\$106,640.40	\$8,992,482.58	89.70	\$10,024,894.24
2025	\$8,992,482.58	\$2,200,000.00	\$183,333.33	\$5,672,060.51	\$449,624.00	\$134,887.20	\$5,835,158.87	83.13	\$7,019,480.25
2026	\$5,835,158.87	\$2,200,000.00	\$183,333.33	\$5,176,726.46	\$291,758.00	\$87,527.40	\$3,062,663.01	68.94	\$4,442,794.16
2027	\$3,062,663.01	\$2,300,000.00	\$191,666.67	\$609,201.45	\$153,133.00	\$45,939.90	\$4,860,654.66	75.24	\$6,460,357.30
2028	\$4,860,654.66	\$2,300,000.00	\$191,666.67	\$0.00	\$243,033.00	\$72,909.90	\$7,330,777.76	79.28	\$9,246,856.59
2029	\$7,330,777.76	\$2,500,000.00	\$208,333.33	\$0.00	\$366,539.00	\$109,961.70	\$10,087,355.06	82.54	\$12,220,564.76
2030	\$10,087,355.06	\$2,500,000.00	\$208,333.33	\$7,073,459.17	\$504,368.00	\$151,310.40	\$5,866,953.49	71.66	\$8,187,628.88
2031	\$5,866,953.49	\$2,500,000.00	\$208,333.33	\$5,856,990.83	\$293,348.00	\$88,004.40	\$2,715,306.26	51.42	\$5,280,211.22
2032	\$2,715,306.26	\$2,700,000.00	\$225,000.00	\$0.00	\$135,765.00	\$40,729.50	\$5,510,341.76	66.60	\$8,273,858.23
2033	\$5,510,341.76	\$2,700,000.00	\$225,000.00	\$706,486.91	\$275,517.00	\$82,655.10	\$7,696,716.75	71.61	\$10,747,627.64
2034	\$7,696,716.75	\$2,900,000.00	\$241,666.67	\$0.00	\$384,836.00	\$115,450.80	\$10,866,101.95	76.94	\$14,123,125.64
2035	\$10,866,101.95	\$2,900,000.00	\$241,666.67	\$7,659,559.12	\$543,305.00	\$162,991.50	\$6,486,856.33	65.37	\$9,923,156.71
2036	\$6,486,856.33	\$3,100,000.00	\$258,333.33	\$7,387,456.66	\$324,343.00	\$97,302.90	\$2,426,439.77	41.21	\$5,888,074.20
2037	\$2,426,439.77	\$3,100,000.00	\$258,333.33	\$0.00	\$121,322.00	\$36,396.60	\$5,611,365.17	60.52	\$9,271,468.98
2038	\$5,611,365.17	\$3,300,000.00	\$275,000.00	\$0.00	\$280,568.00	\$84,170.40	\$9,107,762.77	70.71	\$12,881,212.38
2039	\$9,107,762.77	\$3,300,000.00	\$275,000.00	\$1,917,181.23	\$455,388.00	\$136,616.40	\$10,809,353.14	73.12	\$14,783,281.79
2040	\$10,809,353.14	\$3,500,000.00	\$291,666.67	\$8,214,834.83	\$540,468.00	\$162,140.40	\$6,472,845.91	62.00	\$10,440,272.63
2041	\$6,472,845.91	\$3,500,000.00	\$291,666.67	\$7,497,443.44	\$323,642.00	\$97,092.60	\$2,701,951.87	40.21	\$6,718,810.90
2042	\$2,701,951.87	\$3,900,000.00	\$325,000.00	\$882,305.34	\$135,098.00	\$40,529.40	\$5,814,215.13	60.24	\$9,651,864.63
2043	\$5,814,215.13	\$3,900,000.00	\$325,000.00	\$0.00	\$290,711.00	\$87,213.30	\$9,917,712.83	72.40	\$13,699,295.33
2044	\$9,917,712.83	\$4,400,000.00	\$366,666.67	\$0.00	\$495,886.00	\$148,765.80	\$14,664,833.03	81.39	\$18,018,648.60
2045	\$14,664,833.03	\$4,300,000.00	\$358,333.33	\$10,244,477.95	\$733,242.00	\$219,972.60	\$9,233,624.48	75.74	\$12,191,145.41
2046	\$9,233,624.48	\$4,300,000.00	\$358,333.33	\$8,482,669.08	\$461,681.00	\$138,504.30	\$5,374,132.10	67.22	\$7,994,651.92
2047	\$5,374,132.10	\$4,700,000.00	\$391,666.67	\$0.00	\$268,707.00	\$80,612.10	\$10,262,227.00	83.12	\$12,345,659.48
2048	\$10,262,227.00	\$4,700,000.00	\$391,666.67	\$1,023,203.70	\$513,111.00	\$153,933.30	\$14,298,201.00	89.67	\$15,944,811.53
Total:		\$90,600,000.00		\$90,724,541.30	0,381,189.00	3,114,356.70			

Better Reserve Consultants

Version 1.01 - September 20, 2018

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## 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: 01/01/2019

Reserve Bank Balance as of Fiscal Year Start Date: \$7,155,910.00

Recommended Annual Contribution to the Reserve Account: \$2,100,000.00

Estimated Expenditures: \$670,000.00

Projected Reserve Bank Balance at the End of the Fiscal Year: \$8,836,367.20

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>
<u><b>Units</b></u>			
Units - Key Fob Entry System (1/2 in 2018 and 1/2 in 2019)	670,000.00	0	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)	500,000.00	2	3
Units - Phone System (Done 2012)	268,670.00	1	15
Units - Remodel Phase 01	4,355,000.00	1	5
Units - Remodel Phase 02	4,355,000.00	2	5
Units - Television Replacement Contingency	536,000.00	1	5
<b>Total:</b>	<b>11,354,670.00</b>		

Grand Sierra Resort - FF&E

Start Date: 01/01/2019

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

Grand Sierra Resort - FF&E

Start Date: 01/01/2019

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

**Units**

Component	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Units - Key Fob Entry System (1/2 in 2018 and 1/2 in 2019)	670,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Better Reserve Consultants

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Grand Sierra Resort - FF&E

Start Date: 01/01/2019

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

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)	0.00	0.00	525,312.50	0.00	0.00	565,704.11	0.00	0.00	609,201.45	0.00
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	0.00	4,463,875.00	0.00	0.00	0.00	0.00	5,050,464.84	0.00	0.00	0.00
Units - Remodel Phase 02	0.00	0.00	4,575,471.88	0.00	0.00	0.00	0.00	5,176,726.46	0.00	0.00
Units - Television Replacement Contingency	0.00	549,400.00	0.00	0.00	0.00	0.00	621,595.67	0.00	0.00	0.00
<b>Subtotal</b>	<b>670,000.00</b>	<b>5,632,036.75</b>	<b>5,452,743.76</b>	<b>0.00</b>	<b>0.00</b>	<b>565,704.11</b>	<b>5,672,060.51</b>	<b>5,176,726.46</b>	<b>609,201.45</b>	<b>0.00</b>

<b>Total</b>	<b>670,000.00</b>	<b>5,632,036.75</b>	<b>5,452,743.76</b>	<b>0.00</b>	<b>0.00</b>	<b>565,704.11</b>	<b>5,672,060.51</b>	<b>5,176,726.46</b>	<b>609,201.45</b>	<b>0.00</b>
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Grand Sierra Resort - FF&E

Start Date: 01/01/2019

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

Better Reserve Consultants

Version 1.01 - September 20, 2018

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Grand Sierra Resort - FF&E

Start Date: 01/01/2019

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

**Units**

Component	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Units - Key Fob Entry System (1/2 in 2018 and 1/2 in 2019)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Better Reserve Consultants

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Grand Sierra Resort - FF&E

Start Date: 01/01/2019

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

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)	0.00	656,043.33	0.00	0.00	706,486.91	0.00	0.00	760,809.13	0.00	0.00
Units - Phone System (Done 2012)	0.00	0.00	0.00	0.00	0.00	0.00	398,842.13	0.00	0.00	0.00
Units - Remodel Phase 01	0.00	5,714,137.39	0.00	0.00	0.00	0.00	6,465,021.98	0.00	0.00	0.00
Units - Remodel Phase 02	0.00	0.00	5,856,990.83	0.00	0.00	0.00	0.00	6,626,647.53	0.00	0.00
Units - Television Replacement Contingency	0.00	703,278.45	0.00	0.00	0.00	0.00	795,695.01	0.00	0.00	0.00
<b>Subtotal</b>	<b>0.00</b>	<b>7,073,459.17</b>	<b>5,856,990.83</b>	<b>0.00</b>	<b>706,486.91</b>	<b>0.00</b>	<b>7,659,559.12</b>	<b>7,387,456.66</b>	<b>0.00</b>	<b>0.00</b>

<b>Total</b>	<b>0.00</b>	<b>7,073,459.17</b>	<b>5,856,990.83</b>	<b>0.00</b>	<b>706,486.91</b>	<b>0.00</b>	<b>7,659,559.12</b>	<b>7,387,456.66</b>	<b>0.00</b>	<b>0.00</b>
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Grand Sierra Resort - FF&E

Start Date: 01/01/2019

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



Grand Sierra Resort - FF&E

Start Date: 01/01/2019

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

**Units**

Component	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	Total
Units - Key Fob Entry System (1/2 in 2018 and 1/2 in 2019)	1,097,873.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,767,873.01

Better Reserve Consultants

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Grand Sierra Resort - FF&E

Start Date: 01/01/2019

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

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)	819,308.22	0.00	0.00	882,305.34	0.00	0.00	950,146.35	0.00	0.00	1,023,203.70	7,498,521.04
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	7,314,578.96	0.00	0.00	0.00	0.00	8,275,774.71	0.00	0.00	0.00	37,283,852.88
Units - Remodel Phase 02	0.00	0.00	7,497,443.44	0.00	0.00	0.00	0.00	8,482,669.08	0.00	0.00	38,215,949.22
Units - Television Replacement Contingency	0.00	900,255.87	0.00	0.00	0.00	0.00	1,018,556.89	0.00	0.00	0.00	4,588,781.89
<b>Subtotal</b>	<b>1,917,181.23</b>	<b>8,214,834.83</b>	<b>7,497,443.44</b>	<b>882,305.34</b>	<b>0.00</b>	<b>0.00</b>	<b>10,244,477.95</b>	<b>8,482,669.08</b>	<b>0.00</b>	<b>1,023,203.70</b>	<b>30,724,541.30</b>

<b>Total</b>	<b>1,917,181.23</b>	<b>8,214,834.83</b>	<b>7,497,443.44</b>	<b>882,305.34</b>	<b>0.00</b>	<b>0.00</b>	<b>10,244,477.95</b>	<b>8,482,669.08</b>	<b>0.00</b>	<b>1,023,203.70</b>	<b>30,724,541.30</b>
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# Exhibit 4

# Exhibit 4

to December 31, 2017

highlighted columns on the right and in some instances screen shots of the actual reserve study below. Any asset on the Original Document that was over studies and found the applicable reserve line item (if one existed). This is documented, with detail, on the right.

Expenditures:	Asset Type	Acquisition		Book Cost	Component	Test Scheduled	Units	Today's Cost
		Date						
Electrical Addtl	Building Improvements	1/1/2017		29,060	Included in report "Roads and Parking" Multiple line items addressing reconstruction	Various	Various	Various
Power Addtl	Furn., Fixtures & Equip.-New	1/1/2017		10,532				
Electrical Addtl	Building Improvements	1/1/2017		6,165				
See Parking Lot	Building Improvements	1/1/2017		80,768	Included in report "Roads and Parking" Multiple line items addressing reconstruction	Various	Various	Various
Water	Land Improvements	1/1/2017		36,306				
	IT-Hardware	1/1/2017		25,240				
	Building Improvements	1/1/2017		89,038	Included in report "Roads and Parking" Multiple line items addressing reconstruction	Various	Various	Various
	Furn., Fixtures & Equip.-New	2/1/2017		51,543				
	IT-Hardware	2/1/2017		7,247				
Lighting (3)	IT-Hardware	3/1/2017		12,350	In the "Common Area" portion of the report it states that the entrances are Hotel Common Area. It goes on to state that "Painting, Electrical and Lighting have been included in the Study". See below.			
	Furn., Fixtures & Equip.-New	3/1/2017		277,348				
	Furn., Fixtures & Equip.-New	3/1/2017		22,136				
	Furn., Fixtures & Equip.-New	3/1/2017		58,314	Included in report "Common Area - Security Monitoring System"	2023	1 unit	1000000
	Furn., Fixtures & Equip.-New	4/1/2017		6,194				
And Drywall	Building Improvements	7/1/2017		155,390	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual	As Needed	\$ 50,000.00
And Hardware	Furn., Fixtures & Equip.-New	7/1/2017		126,489	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual	As Needed	\$ 50,000.00
Water	Building Improvements	7/1/2017		249,609	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual	As Needed	\$ 50,000.00
Lighting	Building Improvements	7/1/2017		1,481				
Parking	Building Improvements	7/1/2017		116,509	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual	As Needed	\$ 50,000.00

to December 31, 2017

highlighted columns on the right and in some instances screen shots of the actual reserve study below. Any asset on the Original Document that was over studies and found the applicable reserve line item (if one existed). This is documented, with detail, on the right.

Location	Asset Type	Acquisition Date	Book Cost	Component	Year Scheduled	Units	Today's Cost
AL	Building Improvements	7/1/2017	79,688	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual As Needed	\$	50,000.00
	Building Improvements	7/1/2017	255,831	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual As Needed	\$	50,000.00
K RM	Building Improvements	7/1/2017	89,405	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual As Needed	\$	50,000.00
	Building Improvements	7/1/2017	10,496	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual As Needed	\$	50,000.00
CEILING NS	Furn., Fixtures & Equip.-New	7/1/2017	124,490	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual As Needed	\$	50,000.00
	Furn., Fixtures & Equip.-New	7/1/2017	18,192	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual As Needed	\$	50,000.00
ROOMS	Furn., Fixtures & Equip.-New	7/1/2017	358,061	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual As Needed	\$	50,000.00
	Furn., Fixtures & Equip.-New	7/1/2017	1,867	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual As Needed	\$	50,000.00
RADE	Furn., Fixtures & Equip.-New	7/1/2017	60,284	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual As Needed	\$	50,000.00
	Furn., Fixtures & Equip.-New	7/1/2017	14,872	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual As Needed	\$	50,000.00
	Furn., Fixtures & Equip.-New	7/1/2017	70,066	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual As Needed	\$	50,000.00
	Furn., Fixtures & Equip.-New	7/1/2017	952	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual As Needed	\$	50,000.00
	Furn., Fixtures & Equip.-New	7/1/2017	150,039	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual As Needed	\$	50,000.00
	IT-Hardware	7/1/2017	22,514	Included in report "Common Area - Component: Traffic Areas Remodel Contingency" - Confirmed in report that Traffic Areas include all shared property walkways "Traffic Areas" around the casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers"	Annual As Needed	\$	50,000.00

to December 31, 2017

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Location	Asset Type	Acquisition Date	Book Cost	Component	Year Scheduled	Units	Today's Cost
AGE	IT-Hardware	8/1/2017	10,603	Not included in report	Annual As Needed	\$ 20,000.00	
	IT-Hardware	8/1/2017	10,145				
	IT-Hardware	8/1/2017	11,429				
	IT-Software	8/1/2017	6,163				
	Building Improvements	8/1/2017	39,575				
	Furn., Fixtures & Equip.-New	8/1/2017	5,818				
	Furn., Fixtures & Equip.-New	9/1/2017	26,255				
	Vehicles-Used	9/1/2017	20,730				
	Building Improvements	11/1/2017	62,778				
	DRK	Furn., Fixtures & Equip.-New	11/1/2017				
CHINE	Furn., Fixtures & Equip.-New	11/1/2017	4,513	Included in report "Common Area - Component: Equipment Contingency"	Annual As Needed	\$ 20,000.00	
	Furn., Fixtures & Equip.-New	11/1/2017	8,345				
	IT-Hardware	11/1/2017	5,983				
	IT-Hardware	11/1/2017	107,568				
L PLANT TANKS	Furn., Fixtures & Equip.-New	12/1/2017	5,962	Included in report "Common Area - Landscaping Renovation Contingency"	2021 As Needed	\$ 100,000.00	
	Furn., Fixtures & Equip.-New	12/1/2017	15,980				
	IT-Hardware	12/1/2017	5,055				
	IT-Software	12/1/2017	12,134				
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				
EXPENDITURES:							
Location	Asset Type	Acquisition Date	Book Cost				
CUMULATORS	Furn., Fixtures & Equip.-New	2/1/2017	199,065	Not included in report			
	Furn., Fixtures & Equip.-New	5/1/2017	16,383				
	Furn., Fixtures & Equip.-New	8/1/2017	129,892				
ND DRYWALL	Building Improvements	9/1/2017	584,041	Not included in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	Building Improvements	9/1/2017	126,171				
	Building Improvements	9/1/2017	2,468,302				
KLERNS	Building Improvements	9/1/2017	65,930	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	Building Improvements	9/1/2017	30,054				
	Building Improvements	9/1/2017	26,551				

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Description	Asset Type	Acquisition		Book Cost	Component	Year		
		Date				Scheduled	Units	Today's Cost
Hardware	Furn., Fixtures & Equip.-New	9/1/2017		50,500	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	Furn., Fixtures & Equip.-New	9/1/2017		432,761	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	Furn., Fixtures & Equip.-New	9/1/2017		32,586				
	Furn., Fixtures & Equip.-New	9/1/2017		1,971,847	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	Furn., Fixtures & Equip.-New	9/1/2017		233,272	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	Furn., Fixtures & Equip.-New	9/1/2017		522,795	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	IT-Hardware	9/1/2017		181,304	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	Furn., Fixtures & Equip.-New	9/1/2017		60,978	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	Furn., Fixtures & Equip.-New	9/1/2017		229,142				
	Furn., Fixtures & Equip.-New	9/1/2017		1,899				
	Furn., Fixtures & Equip.-New	9/1/2017		40,320				
	Furn., Fixtures & Equip.-New	9/1/2017		3,799				
	Furn., Fixtures & Equip.-New	9/1/2017		7,927				
	Furn., Fixtures & Equip.-New	9/1/2017		3,354				
	Furn., Fixtures & Equip.-New	9/1/2017		28,330				
	Land Improvements	9/1/2017		1,067,456	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	Land Improvements	9/1/2017		1,458,753	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	Land Improvements	9/1/2017		1,489,205	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	Land Improvements	9/1/2017		806,581	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	Land Improvements	9/1/2017		2,410,246	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	Land Improvements	9/1/2017		1,447,890	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	Land Improvements	9/1/2017		28,615				
	Land Improvements	9/1/2017		297,592	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	Land Improvements	9/1/2017		751,811	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			
	Building Improvements	9/1/2017		66,860	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included. See below.....			

to December 31, 2017

highlighted columns on the right and in some instances screen shots of the actual reserve study below. Any asset on the Original Document that was over studies and found the applicable reserve line item (if one existed). This is documented, with detail, on the right.

Location	Asset Type	Acquisition		Book Cost	Component	Year Scheduled	Units	Today's Cost
		Date						
ER	Building Improvements	9/1/2017		28,108				
<	Building Improvements	9/1/2017		11,586				
WALK	Land Improvements	9/1/2017		4,977				
	Furn., Fixtures & Equip.-New	12/1/2017		133,374	Not included in report			
RRS	Furn., Fixtures & Equip.-New	12/1/2017		176,329	Not included in report			
TOTAL "HOTEL RELATED" CAPITAL EXPENDITURES:				17,626,589				
ALLOCATION % BASED ON RESERVE STUDY				33.58%				
CAPITAL ALLOCATION TO "HOTEL UNIT"				5,919,009				



o  
to December 31, 2017

highlighted columns on the right and in some instances screen shots of the actual reserve study below. Any asset on the Original Document that was over studies and found the applicable reserve line item (if one existed). This is documented, with detail, on the right.

Description	Asset Type	Acquisition		Book Cost	Component	Year		Units	Today's Cost
		Date				Scheduled			

Common Area Portion of Study:

See

Start Date: 01/01/2017



h, 1-Main, and 2-NW Entrances are considered  
Most surfaces such as the Tile Flooring and  
estimated useful life of more than 30 years.  
al and Lighting have been included in the Study.

to December 31, 2017

highlighted columns on the right and in some instances screen shots of the actual reserve study below. Any asset on the Original Document that was over studies and found the applicable reserve line item (if one existed). This is documented, with detail, on the right.

Description	Asset Type	Acquisition		Book Cost				
		Date	Component		Year		Units	Today's Cost
					Scheduled			
<u>Common Area Portion of Study:</u>								
Common Area								
Start Date: 01/01/2017								



is considered a Hotel Common Area. Future  
s been included in this Study.

highlighted columns on the right and in some instances screen shots of the actual reserve study below. Any asset on the Original Document that was over studies and found the applicable reserve line item (if one existed). This is documented, with detail, on the right.

Description	Asset Type	Acquisition		Book Cost	Component	Year		
		Date				Scheduled	Units	Today's Cost

Hotel Common Area Portion of Study:

Start Date: 01/01/2017



considered and Operational in this Study.



Area will be done in the years approximately \$12,000,000.00. This study. Future maintenance costs in only.

no  
8 to December 31, 2018

PA1159

highlighted columns on the right and in some instances screen shots of the actual reserve study below. Any asset on the Original Reserve Study that was not highlighted in yellow went thru the Reserve Studies and found the applicable reserve line item (if one existed). This is documented, with detail, on the right.

Description	Asset Type	Acquisition Date	Book Cost	Component	Year Scheduled	Units	Today's Cost
EXPENDITURES:	IT-Hardware	1/1/2018	5,117	Included in report "Common Area - Signage Marquis at Freeway" Included in report "Common Area - Component: Equipment Contingency" Included in report "Common Area - Component: Equipment Contingency" Included in report "Roads and Parking" Multiple line items addressing reconstruction	2027 As Needed	\$1,300,000.00	
	IT-Hardware	1/1/2018	6,365				
	Land Improvements	1/1/2018	1,009,661				
	IT-Hardware	2/1/2018	99,380				
	IT-Hardware	2/1/2018	66,984				
	Land Improvements	3/1/2018	388,276				
	IT-Software	4/1/2018	3,767				
	IT-Hardware	4/1/2018	1,243				
	IT-Hardware	4/1/2018	1,243				
	IT-Hardware	4/1/2018	1,243				
FLASH/RISPRO	IT-Hardware	4/1/2018	3,733	Included in report "Utilities/Mechanical/Systems" Multiple line items addressing reconstruction Included in report "Utilities/Mechanical/Systems" Multiple line items addressing reconstruction Included in report "Roads and Parking" Multiple line items addressing reconstruction	Annual As Needed	\$20,000.00	
	IT-Hardware	4/1/2018	3,733				
	Building Improvements	5/1/2018	71,732				
	Building Improvements	5/1/2018	8,955				
	Furn., Fixtures & Equip.-New	5/1/2018	58,355				
	Furn., Fixtures & Equip.-New	5/1/2018	16,137				
	Furn., Fixtures & Equip.-New	5/1/2018	13,235				
	Furn., Fixtures & Equip.-New	5/1/2018	8,625				
	Land Improvements	5/1/2018	64,075				
	IT-Hardware	7/1/2018	9,181				
an units	IT-Hardware	8/1/2018	12,992	Included in report "Common Area - Component: Airport Vehicles" Included in report "Roads and Parking" Multiple line items addressing reconstruction	2018	2 Units	\$240,000.00
	Furn., Fixtures & Equip.-New	8/1/2018	23,051				
	IT-Hardware	10/1/2018	17,149				
	Vehicles-Used	10/1/2018	92,369				
	Furn., Fixtures & Equip.-New	11/1/2018	17,057				
	Furn., Fixtures & Equip.-New	11/1/2018	14,062				
	Furn., Fixtures & Equip.-New	12/1/2018	16,783				
	Land Improvements	12/1/2018	311,501				
	Land Improvements	12/1/2018	311,501				
	Land Improvements	12/1/2018	311,501				

Columns highlighted in yellow on the right and in some instances screen shots of the actual reserve study below. Any asset on the Original Reserve Study that was not included in the 2026 As Needed study was included in the 2026 As Needed study. This is documented, with detail, on the right.

Asset Description	Asset Type	Acquisition Date	Book Cost	Component	Year Scheduled	Units	Today's Cost
TOTAL "COMMON AREA" CAPITAL EXPENDITURES:			2,348,488				
ALLOCATION % BASED ON RESERVE STUDY			13.79%				
CAPITAL ALLOCATION TO "COMMON AREAS"			323,857				
<b>EXPENDITURES:</b>							
DRY WALL	Building Improvements	1/1/2018	11,057	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included.			
DRY WALL	Land Improvements	1/1/2018	27,701				
DRY WALL	Land Improvements	1/1/2018	37,350				
DRY WALL	Land Improvements	1/1/2018	23,656				
DRY WALL	Land Improvements	1/1/2018	40,598				
DRY WALL	Building Improvements	1/1/2018	712,121	Noted in the reserve that The Pool renovation was occurring and would cost \$12m and that only maintenance is included.			
DRY WALL	Furn., Fixtures & Equip.-New	1/1/2018	36,440				
DRY WALL	Land Improvements	1/1/2018	343,572				
DRY WALL	Building Improvements	1/1/2018	8,147				
DRY WALL	Furn., Fixtures & Equip.-New	1/1/2018	17,446				
DRY WALL	Furn., Fixtures & Equip.-New	1/1/2018	9,405	Included in report "Lobby - Front Desk Renovation"			
DRY WALL	Furn., Fixtures & Equip.-New	1/1/2018	10,000				
DRY WALL	Furn., Fixtures & Equip.-New	5/1/2018	48,319				
DRY WALL	Building Improvements	5/1/2018	29,490				
DRY WALL	IT-Hardware	8/1/2018	11,817				
DRY WALL	Building Improvements	12/1/2018	78,702	Included in report "Lobby - Front Desk Renovation"	2026	As Needed	\$ 50,000.00
DRY WALL	Building Improvements	12/1/2018	71,981	Included in report "Lobby - Front Desk Renovation"	2026	As Needed	\$ 50,000.00
DRY WALL	Building Improvements	12/1/2018	98,854	Included in report "Lobby - Front Desk Renovation"	2026	As Needed	\$ 50,000.00
DRY WALL	Building Improvements	12/1/2018	2,100				
DRY WALL	Building Improvements	12/1/2018	4,028				
DRY WALL	Building Improvements	12/1/2018	3,448				
DRY WALL	Building Improvements	12/1/2018	27,596				
DRY WALL	Building Improvements	12/1/2018	81,307	Included in report "Lobby - Front Desk Renovation"	2026	As Needed	\$ 50,000.00

Info  
8 to December 31, 2018

highlighted columns on the right and in some instances screen shots of the actual reserve study below. Any asset on the Original we went thru the Reserve Studies and found the applicable reserve line item (if one existed). This is documented, with detail, on the right.

Description	Asset Type	Acquisition		Book Cost	Component	Year Scheduled	Units	Today's Cost
		Date						
WORK	Building Improvements	12/1/2018		428,692	Included in report "Lobby - Front Desk Renovation"	2026	As Needed	\$ 50,000.00
	Building Improvements	12/1/2018		900				
EQUIPMENT	Building Improvements	12/1/2018		216,282	Included in report "Lobby - Front Desk Renovation"	2026	As Needed	\$ 50,000.00
	Furn., Fixtures & Equip.-New	12/1/2018		19,724				
EQUIPMENT	Building Improvements	12/1/2018		179,824	Included in report "Lobby - Front Desk Renovation"	2026	As Needed	\$ 50,000.00
	Building Improvements	12/1/2018		9,936				
EQUIPMENT	Furn., Fixtures & Equip.-New	12/1/2018		17,589				
	Furn., Fixtures & Equip.-New	12/1/2018		14,853				
PAVING	Furn., Fixtures & Equip.-New	12/1/2018		4,624				
	Building Improvements	12/1/2018		66,267	Included in report "Lobby - Front Desk Renovation"	2026	As Needed	\$ 50,000.00
EQUIPMENT	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				

highlighted columns on the right and in some instances screen shots of the actual reserve study below. Any asset on the Original Reserve Study that was not included in the current study or was deleted from the study went thru the Reserve Studies and found the applicable reserve line item (if one existed). This is documented, with detail, on the right.

Description	Asset Type	Acquisition Date	Book Cost	Component	Year Scheduled	Units	Today's Cost
EXPENDITURES:	Furn., Fixtures & Equip.-New	1/1/2019	10,199				
	IT-Software	1/1/2019	11,039				
	IT-Hardware	1/1/2019	5,560				
	Furn., Fixtures & Equip.-New	2/1/2019	31,618				
	Land Improvements	3/1/2019	328,543	Included in report "Common Area - Landscaping Renovation Contingency"	2018	As Needed	\$ 100,000.00
	Land Improvements	3/1/2019	82,576	Included in report "Common Area - Signage Marquis at Freeway"	2027	As Needed	\$ 1,300,000.00
	Building Improvements	3/1/2019	57,164	Included in report "Lobby - Front Desk Renovation"	2026	As Needed	\$ 50,000.00
	Building Improvements	4/1/2019	25,069				
	Building Improvements	4/1/2019	100,000	Included in report "Building Exterior - Roof"	2018 - 2023	1 unit (each)	\$ 1,586,000.00
	IT-Hardware	4/1/2019	7,601				
	IT-Software	4/1/2019	9,438				
	Furn., Fixtures & Equip.-New	5/1/2019	9,626				
	Furn., Fixtures & Equip.-New	5/1/2019	245,572	Included in report "Common Area - Security Monitoring System"	2023	1 unit	\$ 1,000,000.00
	IT-Hardware	5/1/2019	40,487				
	IT-Hardware	5/1/2019	8,012				
	IT-Hardware	5/1/2019	52,868	Included in report "Common Area - Security Monitoring System"	2023	1 unit	\$ 1,000,000.00
	IT-Software	5/1/2019	15,143				
EXPENDITURES:	IT-Software	5/1/2019	79,741	Included in report "Common Area - Component: Equipment Contingency"	Annual	As Needed	\$ 20,000.00
	Building Improvements	5/1/2019	6,907				
	Building Improvements	5/1/2019	11,301				
	Building Improvements	6/1/2019	48,120				
	Building Improvements	6/1/2019	11,038				
	IT-Hardware	6/1/2019	15,389				
	IT-Hardware	6/1/2019	4,058				
	Building Improvements	6/1/2019	27,923				
	Building Improvements	6/1/2019	11,491				
	Furn., Fixtures & Equip.-New	6/1/2019	109,269	Included in report "Common Area - Component: Traffic Areas Remodel Contingency"	Annual	As Needed	\$ 50,000.00
	Building Improvements	6/1/2019	270,604	Included in report "Common Area - Component: Traffic Areas Remodel Contingency"	Annual	As Needed	\$ 50,000.00
	IT-Hardware	6/1/2019	6,638				
	IT-Hardware	6/1/2019	18,957				
	TOTAL "COMMON AREA" CAPITAL EXPENDITURES:						
			1,661,950				

no  
to June 30, 2019

highlighted columns on the right and in some instances screen shots of the actual reserve study below. Any asset on the Original  
e went thru the Reserve Studies and found the applicable reserve line item (if one existed). This is documented, with detail, on the right.

Description	Asset Type	Acquisition Date	Book Cost	Component	Year Scheduled	Units	Today's Cost
	ALLOCATION % BASED ON RESERVE STUDY		13.79%				
	CAPITAL ALLOCATION TO "COMMON AREAS"		229,183				
<b>EXPENDITURES:</b>							
	Asset Type	Acquisition Date	Book Cost				
	Building Improvements	1/1/2019	5,522				
	Building Improvements	2/1/2019	69,968	Included in Reserve report "Lobby - Front Desk Renovation"	2026	As Needed	\$ 50,000.00
	Building Improvements	5/1/2019	27,213				
	Furn., Fixtures & Equip.-New	5/1/2019	9,491				
	Furn., Fixtures & Equip.-New	5/1/2019	476,618	Not included (Laundry isn't addressed in any of the reserve reports)			
	Furn., Fixtures & Equip.-New	6/1/2019	3,047				
	Furn., Fixtures & Equip.-New	6/1/2019	6,290				
	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				



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# Exhibit 5

# Exhibit 5

Date: 11-1-16

**GRAND SIERRA RESORT UNIT OWNERS ASSOCIATION (UOA)**Email [grrservice@associasn.com](mailto:grrservice@associasn.com)**ANNUAL MEETING OF THE MEMBERS, BUDGET RATIFICATION &  
ELECTION TO THE BOARD OF DIRECTORS****Date & Time: Thursday, December 1, 2016 | 1:00p.m.****Location: Grand Sierra Resort, McKinley Room (on the Mezzanine), 2500 East 2<sup>nd</sup> Street, Reno NV**

The purpose of this notice and agenda is to inform you of the date, time, place and action items of the upcoming scheduled Grand Sierra Resort (GSR) UOA Annual Meeting of the Members, Election, and Budget Ratification. The purpose is to ratify the 2017 budget, reflect on what has been accomplished during the past year, discuss plans for the future, announce the results of the board election and to talk about any items that unit owners wish to discuss. Drafted minutes of this meeting will be available to homeowners upon request 30 days after the meeting date (in electronic format at no charge to the unit's owner or, if the association is unable to provide the copy or summary in electronic format, in paper format at a cost not to exceed 25 cents per page for the first 10 pages, and 10 cents per page thereafter). A unit's owner may record on audiotape or any other means of sound reproduction a meeting of the units' owners if the unit's owner, before recording the meeting, provides notice of his or her intent to record the meeting to the other units' owners who are in attendance at the meeting.

**MEMBERS MEETING AGENDA**

1. Call to Order, Introductions and Determination of Quorum
2. Homeowner Comments: This period is devoted to comments by units' owners regarding any matter affecting the association and discussion of those comments. Except in emergencies, no action may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken. A time limit of 3 minutes per owner may be implemented.
3. Minutes – Approval of the December 3, 2015 Annual Meeting Minutes. Per NRS 116.3108 (10) The units' owners may approve, at the annual meeting of the units' owners, the minutes of the prior annual meeting of the units' owners and the minutes of any prior special meetings of the units' owners. A quorum is not required to be present when the units' owners approve the minutes. (p. 1-3)
4. Financials
  - a) Ratification of the 2017 Operating Budget – The Budget was approved by the Board on 10/1/16 and sent to the owners on 11/1/16. Per the GSR UOA Bylaws, Section 6.7(d), unless at that meeting 75% of all the Voting Members and voting Unit Owners reject the proposed budget, the proposed budget is ratified whether or not a quorum is present. Note: In accordance with NRS 116.480, this will serve as notice that no member of the executive board has received any gift, gratuity, reward or other item of value in any calendar year that exceeds the sum of \$100.00 (p.4-5)
  - b) Financial Reports (p. 6-11)
    - Review of the year-to-date unaudited financial report prepared by Associa Sierra North.
    - Note: The Association completes an annual Financial Review by an independent CPA firm. The Annual Financial Reviews are available upon request.

5. Reports
  - a) Board President Report (*p.12*)
  - b) Manager Report
6. Election of Directors; Results to be Announced – One (1) nomination was received for one (1) two-year term board position: Barry Hay. Per NRS 116.31034 (6) (a) a ballot is not required to be sent. Unless by the meeting date additional nominees are submitted, this nominee will be duly elected to the board. Should additional nominees come forth within the next 30 day period, then a separate election will be scheduled (*p.13*)
7. Adjournment (A Board of Directors Meeting to follow for the election of officers, see separate agenda) (*p.14-15*)

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# Exhibit 6

# Exhibit 6

Date: 9/20/17

**GRAND SIERRA RESORT UNIT OWNERS ASSOCIATION  
BOARD OF DIRECTORS MEETING NOTICE**

**HOTEL MEETING TO FOLLOW - THE RESERVE STUDY PREPARER WILL BE  
PRESENT TO DISCUSS AND ANSWER QUESTIONS ON THE RESERVE STUDY**

Date & Time: **Monday, October 23, 2017 | 1:00 PM**

Location: Grand Sierra Resort, **McKinley Room** (on the Mezzanine), 2500 East 2<sup>nd</sup> Street, Reno NV

**AGENDA**

**Please note that the Board may take action on any of the following items:**

- 1. Call to Order, Board Introductions, Roll Call, and Determination of Quorum**
- 2. Homeowner Comments** *Owners have the right to speak to the Board. This period is devoted to comments from property owners and discussion of those comments related to items on the agenda. Please note that the Board has the authority to limit the time for individual comments. A time limit of three minutes has been allotted per owner. No owner can give away their allotted time to expand another owner's time. A homeowner may record on audiotape or any other means of sound reproduction a meeting of the homeowners if the homeowner, before recording the meeting, provides notice of intent to record the meeting to the other homeowners who are in attendance at the meeting.*
- 3. Appointment of Replacement Board Member for the Hotel** – Hotel Board Member Michael Garipay is no longer employed by the GSR. Jeff Pepple has been selected by the Hotel to be the Hotel representative to take over the position of Board Treasurer through the next election. Action to confirm replacement. (p.1)
- 4. Minutes**
  - a) Approve board meeting minutes of July 17, 2017 (p.2-5)
- 5. Financial**
  - a) Treasurer's Report/Review and accept current financial reports. Action (p.6-11)
  - b) 2018 Operating Budget – approval of the 2018 budget to be ratified at the Annual Members Meeting on December 7, 2017. Action (Note, Better Reserve Consultants will be available after the UOA board meeting to discuss the Hotel prepared Reserve Study). (p.12-15)
- 6. Management Report**
- 7. Association Business** (p.16)
  - a) Management Contract Renewal for 2018 – Approve contract with Associa Sierra North. Action (p. 17-31)
  - b) Approve Tax/Financial Annual Review Accountant – Approve Agreement with DiPietro & Thornton (current CPAs) for tax and financial review services. Action (p. 32-35)
  - c) Annual Members Meeting – Review notice and agenda for the December 7, 2017 Annual Members Meeting, Budget Ratification, & Board Election (two positions up) (p.36-39)
  - d) Lawsuits Against the GSR UOA – Update on pending lawsuit against the Association (p.40)
  - e) Liability Insurance Renewal – Update on 10/23/17 liability insurance renewal. (Policy renewal handled by the GSR Hotel, prorate share reimbursed by the UOA) (p.41)
  - f) Executive Session – Summary update of Executive Session meeting (p.42)

8. **Homeowner Comments** *Owners have the right to speak to the Board. This period is devoted to comments from property owners and discussion of those comments. Except in emergencies, no action may be taken upon a matter raised during this portion of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken later. Please note that the Board has the authority to limit the time for individual comments. A time limit of three minutes has been allotted per owner. No owner can give away their allotted time to expand another owner's time.*
9. **Next Meeting Date & Adjournment** – Adjourn to a GSR Hotel meeting with the Better Reserves Consultants to discuss and answer questions on the GSR Hotel Reserve Study. Note, the next meetings are the Annual Members Meeting, Budget Ratification, Elections and Board Meeting, scheduled for Thursday December 7, 2017, 1:00 PM at the GSR in the McKinley Room.

**ADDITIONAL MEETING DISCLOSURES:**

The purpose of this notice/agenda is to inform you of the date, time, place and action items of the upcoming scheduled meeting of the Board of Directors. This meeting will be recorded in accordance with NRS 116. Draft minutes of this meeting will be available within 30 days after the meeting date. A copy of the audio recording, the minutes or a summary of the minutes of the meeting shall be provided to the unit's owner upon request, in electronic format at no charge to the unit's owner or, if the association is unable to provide the copy or summary in electronic format, in paper format at a cost not to exceed 25 cents per page for the first 10 pages, and 10 cents per page thereafter. A unit's owner may record a meeting of the board (except executive sessions) if the unit's owner, before recording the meeting, provides notice of his or her intent to record the meeting to all present.

An Executive Session of the Board may be held prior to, or after, the regular session board meeting. Please note that the executive session is for board members only to review violations, delinquencies and attorney-client privilege legal matters.

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# Exhibit 7

# Exhibit 7



November 15, 2016

Dear Grand Sierra Resort Unit Owners:

**Re: Budget 2017**

Please find enclosed the 2017 Estimated Operating Budget for the Shared Facility Unit, Hotel Unit, and Unit Maintenance Agreement. These new rates will be applied as of January 1<sup>st</sup>, 2017

A Reserve Study for the Shared Facility Unit, Hotel Unit and FF&E was completed for the upcoming year of 2017.

Additionally, the Daily Use Fee cost per occupied room has been attached, with the new rates beginning February 1<sup>st</sup>, 2017.

Please note the following individuals listed below can assist you with any questions you may have.

- For Billing, Statements and Questions about your accounts, please contact

Miriam Freeman, Accounts Receivable Supervisor (1-800-648-9270)  
[miriam.freeman@GrandSierraResort.com](mailto:miriam.freeman@GrandSierraResort.com)

- For overall questions about your account, please contact

Aaron Hartwig, Director of Finance (775-789-2564)  
[aaron.hartwig@grandsierraresort.com](mailto:aaron.hartwig@grandsierraresort.com)

Sincerely,

Aaron Hartwig  
Director of Finance



**The Hotel-Condominiums at Grand Sierra Resort  
2017 Consolidated Budget Summary**



	Budget vs. Prior Year Budget			
	2017 Budget	2016 Budget <sup>3</sup>	Change YoY	% Change YoY
<b>Expenses</b>				
<b>Shared Facilities Unit</b>				
Hotel Unit	1,656,248	384,728	1,271,520	330.5%
Unit Maintenance Agreement <sup>2</sup>	1,509,170	696,699	812,471	116.6%
Total Expenses	402,000	-	402,000	100.0%
<b>Reserves <sup>1</sup></b>				
Shared Facilities Unit				
Hotel Unit	275,800	690,000	(414,200)	-60.0%
FF&E	96,530	1,400,000	(1,303,470)	-93.1%
Total Reserves	1,800,000	1,449,070	350,930	24.2%
<b>Total Combined</b>	2,172,330	3,539,070	(1,366,740)	-38.6%
	5,739,748	4,620,497	1,119,251	24.2%

	2015 Budget	2014 Budget	2013 Budget	2012 Budget
	726,078	726,078	722,753	69,516
	747,134	747,134	753,309	1,385,899
	402,000	402,000	402,000	402,000
	1,875,212	1,875,212	1,878,062	1,857,415
	690,000	650,000	632,307	536,458
	1,400,000	1,398,900	1,366,060	1,072,917
	1,449,070	1,449,070	1,449,070	1,449,070
	3,539,070	3,497,970	3,447,437	3,058,445
	5,414,282	5,373,182	5,325,499	4,915,860

**Notes:**

- 1 The Shared Facilities Unit and the Hotel Unit reserves come from the Reserve Studies completed by Better Reserve Consultants. The last study was completed in 2016, for the upcoming year of 2017.
- 2 Unit Management Agreement has an Annual Deep Cleaning Fees of \$600 per unit; as outlined in Schedule 1
- 3 2016 Actuals were prepared by the Court Receiver

# Monthly Fee Schedule

2017

All Units				
Unit Type	Square Feet	# of Units	Square Footage	Total
Grand 2-A	427	250	106,750	
Grand 2-B	420	224	94,080	
Grand 2-C	436	2	872	
Grand 2-D	434	14	6,076	
Grand Suite A	558	64	35,712	
Grand Suite B	552	74	40,848	
Loft 1	922	8	7,376	
Loft 2	856	4	3,424	
Loft 3	1,006	4	4,024	
Imperial	1,340	16	21,440	
Presidential	1,552	2	3,104	
Deluxe Parlor	1,600	2	3,200	
DMD	2,101	6	12,606	
<b>Total</b>		<b>670</b>	<b>339,512</b>	

per Sq. Foot

$a$	$b$	$= (a * b)$
Housekeeping Credit	Cost per Housekeeping Credit	Daily Use Fee
1.25	20.90	\$26.12
1.25	20.90	\$26.12
1.25	20.90	\$26.12
1.25	20.90	\$26.12
1.50	20.90	\$31.35
1.50	20.90	\$31.35
1.75	20.90	\$36.57
1.75	20.90	\$36.57
1.75	20.90	\$36.57
2.00	20.90	\$41.79
2.00	20.90	\$41.79
2.00	20.90	\$41.79
2.00	20.90	\$41.79

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# Exhibit 8

# Exhibit 8



November 15, 2017

Dear Grand Sierra Resort Unit Owners:

**Re: Budget 2018**

Please find enclosed the 2018 Estimated Operating Budget for the Shared Facility Unit, Hotel Unit, and Unit Maintenance Agreement. These new rates will be applied as of January 1<sup>st</sup>, 2018.

A Reserve Study for the Shared Facility Unit, Hotel Unit and FF&E was completed for the year of 2017 and updated for each reserve for the upcoming year 2018 and summaries attached.

Additionally, the Daily Use Fee cost per occupied room has been attached, with the new rates beginning February 1<sup>st</sup>, 2018.

Please note the following individuals listed below can assist you with any questions you may have.

- For Billing, Statements and Questions about your accounts, please contact

Margaret Boyer, Accounts Receivable Supervisor (1-800-648-9270)  
[Margaret.Boyer@GrandSierraResort.com](mailto:Margaret.Boyer@GrandSierraResort.com)

Clarissa Aglugub, Accounts Receivable Manager (1-800-648-9270)  
[Clarissa.Aglub@GrandSierraResort.com](mailto:Clarissa.Aglub@GrandSierraResort.com)

- For overall questions about your account, please contact

Daryl Striker, Hotel Controller (775-789-2000 X 4632)  
[Daryl.Striker@grandsierraresort.com](mailto:Daryl.Striker@grandsierraresort.com)

Sean Clarke, Director of Financial Reporting (775-789-2551)  
[Sean.Clarke@grandsierraresort.com](mailto:Sean.Clarke@grandsierraresort.com)

Sincerely,

Sean Clarke  
Director of Financial Reporting

The Hotel-Condominiums at Grand Sierra Resort  
2018 Consolidated Budget Summary



	Budget vs. Prior Year Budget									
	2018 Budget	2017 Budget	Change YoY	% Change YoY	2016 Budget	2015 Budget	2014 Budget	2013 Budget	2012 Budget	
<b>Expenses</b>										
Shared Facilities Unit	2,623,397	1,656,150	967,247	58.4%	-	726,078	726,078	722,753	69,516	
Hotel Unit	867,505	1,509,081	(641,577)	-42.5%	275,800	747,134	747,134	753,309	1,385,899	
Unit Maintenance Agreement	402,000	402,000	-	0.0%	96,530	402,000	402,000	402,000	402,000	
<b>Total Expenses</b>	3,892,902	3,567,232	325,671	9.1%	372,330	1,875,212	1,875,212	1,878,062	1,857,415	
<b>Reserves</b> <sup>1</sup>										
Shared Facilities Unit	275,800	275,800	-	0.0%	690,000	690,000	650,000	632,307	536,458	
Hotel Unit	235,088	96,530	138,558	143.5%	1,400,000	1,400,000	1,398,900	1,366,060	1,072,917	
FF&E	1,800,000	1,800,000	-	0.0%	1,800,000	1,449,070	1,449,070	1,449,070	1,449,070	
<b>Total Reserves</b>	2,310,888	2,172,330	138,558	6.4%	3,890,000	3,539,070	3,497,970	3,447,437	3,058,445	
<b>Total Combined</b>	6,203,790	5,739,562	464,228	8.1%	4,620,497	5,414,282	5,373,182	5,325,499	4,915,860	

**Notes:**

- 1 The Shared Facilities Unit and the Hotel Unit reserves come from the Reserve Studies completed by Better Reserve Consultants. The last study was completed in 2016, and updated for the upcoming year of 2018.
- 2 Unit Maintenance Agreement has an Annual Deep Cleaning Fees of \$600 per unit, as outlined in Schedule 1
- 3 2016 Actuals were prepared by the Court Receiver



November 15, 2017

Dear Grand Sierra Resort Unit Owners:

**Daily Use Fee 2018**

<b>All Units</b>	<b>2018</b>
<b>Unit Type</b>	<b>DUF</b>
Grand 2-A	31.18
Grand 2-B	31.18
Grand 2-C	31.18
Grand 2-D	31.18
Grand Suite A	37.42
Grand Suite B	37.42
Loft 1	43.65
Loft 2	43.65
Loft 3	43.65
Imperial	49.89
Presidential	49.89
Deluxe Parlor	49.89
DMD	49.89

## 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: \$8,500,000.00

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

Estimated Expenditures: \$2,719,000.00

Projected Reserve Bank Balance at the End of the Fiscal Year: \$7,900,000.00

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	2	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	240,000.00	0	5
Common Area - Component: Equipment Contingency	20,000.00	0	1
Common Area - Component: Exterior Entrance Area Painting/ Renovation (Doors 1, 2, 8 and 9) (Done 2016)	40,000.00	8	10
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	0	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 (Directional Exterior)	60,000.00	0	10
Common Area - Signage Marquis at Freeway (Done 2017)	1,300,000.00	9	10
Common Area - Signage Parking Lot Monument Signage (35 Units)	40,000.00	0	10
<b><u>Roads and Parking</u></b>			
Roads and Parking - Removal and Reconstruction Area 1 (Pink)	292,625.00	2	20
Roads and Parking - Removal and Reconstruction Area 2 (Red)	528,657.50	4	20
Roads and Parking - Removal and Reconstruction Area 3 (Blue)	816,997.50	5	20
Roads and Parking - Removal and Reconstruction Area 4 (Orange)	440,417.50	14	20
Roads and Parking - Removal and Reconstruction Area 5 (White)	908,205.00	4	20
Roads and Parking - Removal and Reconstruction Area 6 (Yellow)	597,857.50	4	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	1	20



Roads and Parking - Removal and Reconstruction Area Ring Road (Purple)( Done 2016)	1,576,515.00	18	20
Roads and Parking - Surface Maintenance Treatment Area 1 (Pink)	23,410.00	2	5
Roads and Parking - Surface Maintenance Treatment Area 2 (Red)	42,292.60	2	5
Roads and Parking - Surface Maintenance Treatment Area 3 (Blue)	65,359.80	2	5
Roads and Parking - Surface Maintenance Treatment Area 4 (Orange)	35,233.40	2	5
Roads and Parking - Surface Maintenance Treatment Area 5 (White)	72,656.40	3	5
Roads and Parking - Surface Maintenance Treatment Area 6 (Yellow)	47,828.60	3	5
Roads and Parking - Surface Maintenance Treatment Area 7 (Brown)	14,086.40	3	5
Roads and Parking - Surface Maintenance Treatment Area 8 (Green)	37,949.80	2	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	18	20
Utilities/ Mechanical/ Systems - Component: Chiller 1	1,800,000.00	9	30
Utilities/ Mechanical/ Systems - Component: Chiller 2	1,800,000.00	9	30
Utilities/ Mechanical/ Systems - Component: Chiller 3	1,800,000.00	4	30
Utilities/ Mechanical/ Systems - Component: Cooling Towers Media	170,000.00	2	5
Utilities/ Mechanical/ Systems - Component: Cooling Towers Pump Valves	300,000.00	0	10
Utilities/ Mechanical/ Systems - Component: Cooling Towers Pumps (Replaced 2011)	130,000.00	4	10
Utilities/ Mechanical/ Systems - Component: Cooling Towers Pumps Back Up	375,000.00	1	20
Utilities/ Mechanical/ Systems - Component: Emergency Power Generator Elevator	150,000.00	4	30
Utilities/ Mechanical/ Systems - Component: Emergency Power Generator Tower 01	100,000.00	0	30
Utilities/ Mechanical/ Systems - Component: Emergency Power Generator Tower 02	150,000.00	0	30
Utilities/ Mechanical/ Systems - Component: Power Feed Phase 1& 2	43,000.00	28	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	28	30
Utilities/ Mechanical/ Systems - Component: Soft Water System	40,000.00	1	12
Utilities/ Mechanical/ Systems - Component: Thermostats (Done 2016)	600,000.00	18	20
Utilities/ Mechanical/ Systems - Component: Water Pumps- Chilled, Left, 2 Riser Pumps, Soft Starters on 2 Chillers	450,000.00	18	20
Utilities/ Mechanical/ Systems - Component: Water Pumps- Condensing (Done 2016)	750,000.00	28	30

Utilities/ Mechanical/ Systems - Water Domestic VFD's  
Replacement

45,000.00

14

15

**Total:** 25,368,665.70

## Reserve Budget Summary

Homeowners,

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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.

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(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>		

## Reserve Budget Summary

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(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: \$2,000,000.00

Recommended Annual Contribution to the Reserve Account: \$1,000,000.00

Estimated Expenditures: \$510,000.00

Projected Reserve Bank Balance at the End of the Fiscal Year: \$2,518,000.00

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
<b><u>Common Area</u></b>			
Common Area - Elevator Modernization Phase 01 (Mid Rise)	500,000.00	0	25
Common Area - Elevator Modernization Phase 02 (High Rise)	500,000.00	3	25
Common Area - Elevator Modernization Phase 03 (Low Rise)	300,000.00	1	25
Common Area - Escalator Refurbishment Phase 01	250,000.00	1	30
Common Area - Escalator Refurbishment Phase 02	250,000.00	2	30
Common Area - Escalator Refurbishment Phase 03	250,000.00	3	30
<b><u>Fitness Center</u></b>			
Fitness Center - Component: Cabinet- Water, Towels, Laundry	2,500.00	13	15
Fitness Center - Component: Carpet Replacement	2,400.00	3	5
Fitness Center - Component: Ceiling Fans, Electrical and Lighting Contingency	2,500.00	8	10
Fitness Center - Component: Door Replacement	2,000.00	9	20
Fitness Center - Component: Elliptical Trainer with Touch Screen	27,000.00	3	5
Fitness Center - Component: Interior Painting	2,500.00	3	5
Fitness Center - Component: Key Fob Security System	2,500.00	1	3
Fitness Center - Component: Precore Benches	1,000.00	3	5
Fitness Center - Component: Precore Exercise Bike with Touch Screen	7,000.00	3	5
Fitness Center - Component: Sound System	1,500.00	8	10
Fitness Center - Component: Stairmaster with Touch Screen	3,500.00	3	5
Fitness Center - Component: Treadmill with Touch Screen	18,000.00	3	5
Fitness Center - Component: TV Replacement	1,800.00	3	5
Fitness Center - Component: Weight Machine	10,000.00	13	15
Fitness Center - Component: Weights and Stand	2,000.00	13	15
<b><u>Hallways</u></b>			
Hallways - Artwork, Decorations and Furniture Phase 01	65,000.00	1	5
Hallways - Artwork, Decorations and Furniture Phase 02	65,000.00	2	5
Hallways - Flooring Phase 01	1,430,000.00	1	5
Hallways - Flooring Phase 02	1,430,000.00	2	5
Hallways - Lighting and Electrical Phase 01	65,000.00	1	10
Hallways - Lighting and Electrical Phase 02	65,000.00	2	10
Hallways - Painting and Wall Covering Phase 01	650,000.00	1	10
Hallways - Painting and Wall Covering Phase 02	650,000.00	2	10
<b><u>Lobby</u></b>			
Lobby - Front Desk Renovation	50,000.00	8	10
<b><u>Pool Area</u></b>			
Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	10,000.00	0	1

Pool Area - Component: Ice Rink Replacement (Future)	500,000.00	14	15
Pool Area - Furniture Replacement	40,000.00	2	3
Pool Area - Pool Resurface (Future)	50,000.00	9	10
Pool Area - Restroom Remodel (Future)	30,000.00	9	10
Pool Area - Spa Resurface (Future)	16,000.00	5	6
<b>Total:</b>	<b>7,252,200.00</b>		

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Clerk of the Court  
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# Exhibit 9

# Exhibit 9





November 15, 2018

Dear Grand Sierra Resort Unit Owners:

**Re: Budget 2019**

Please find enclosed the 2019 Estimated Operating Budget for the Shared Facility Unit, Hotel Unit, and Unit Maintenance Agreement. These new rates will be applied as of January 1<sup>st</sup>, 2019.

A Reserve Study for the Shared Facility Unit, Hotel Unit and FF&E was completed for the year of 2016 and updated for each year through the upcoming year of 2019, please see the summaries attached.

Please note the following individuals listed below can assist you with any questions you may have.

- For Billing, Statements and Questions about your accounts, please contact

Clarissa Aglugub, Accounts Receivable Manager (1-800-648-9270)  
[Clarissa.Agulub@GrandSierraResort.com](mailto:Clarissa.Agulub@GrandSierraResort.com)

- For overall questions about your account, please contact

Daryl Striker, Hotel Controller (775-789-2000 X 4632)  
[Daryl.Striker@grandsierraresort.com](mailto:Daryl.Striker@grandsierraresort.com)

Sean Clarke, Director of Financial Reporting (775-789-2551)  
[Sean.Clarke@grandsierraresort.com](mailto:Sean.Clarke@grandsierraresort.com)

Sincerely,

Sean Clarke  
Director of Financial Reporting

The Hotel-Condominiums at Grand Sierra Resort  
2019 Consolidated Budget Summary



	Budget vs. Prior Year Budget			% Change YoY
	2019 Budget	2018 Budget 3	Change YoY	
<b>Expenses</b>				
Shared Facilities Unit	2,837,244	2,623,397	213,847	8.2%
Hotel Unit	1,016,077	867,505	148,572	17.1%
Unit Maintenance Agreement	402,000	402,000	-	0.0%
<b>Total Expenses</b>	<b>4,255,321</b>	<b>3,892,902</b>	<b>362,419</b>	<b>9.3%</b>
<b>Reserves 1</b>				
Shared Facilities Unit	358,540	275,800	82,740	30.0%
Hotel Unit	671,679	235,088	436,591	185.7%
FF&E	2,100,000	1,800,000	300,000	16.7%
<b>Total Reserves</b>	<b>3,130,219</b>	<b>2,310,888</b>	<b>819,331</b>	<b>35.5%</b>
<b>Total Combined</b>	<b>7,385,540</b>	<b>6,203,790</b>	<b>1,181,750</b>	<b>19.0%</b>

	2017 Budget 3	2016 Budget 3	2015 Budget	2014 Budget	2013 Budget	2012 Budget
Shared Facilities Unit	1,656,150	-	726,078	726,078	722,753	69,516
Hotel Unit	1,509,081	275,800	747,134	747,134	753,309	1,385,899
Unit Maintenance Agreement	402,000	96,530	402,000	402,000	402,000	402,000
<b>Total Expenses</b>	<b>3,567,232</b>	<b>372,330</b>	<b>1,875,212</b>	<b>1,875,212</b>	<b>1,878,062</b>	<b>1,857,415</b>
Shared Facilities Unit	275,800	690,000	690,000	650,000	632,307	536,458
Hotel Unit	96,530	1,400,000	1,400,000	1,398,900	1,366,060	1,072,917
FF&E	1,800,000	1,800,000	1,449,070	1,449,070	1,449,070	1,449,070
<b>Total Reserves</b>	<b>2,172,330</b>	<b>3,890,000</b>	<b>3,539,070</b>	<b>3,497,970</b>	<b>3,447,437</b>	<b>3,058,445</b>
<b>Total Combined</b>	<b>5,739,562</b>	<b>4,262,330</b>	<b>5,414,282</b>	<b>5,373,182</b>	<b>5,325,499</b>	<b>4,915,860</b>

**Notes:**

- 1 The Shared Facilities Unit and the Hotel Unit reserves come from the Reserve Studies completed by Better Reserve Consultants. The last study was completed in 2016, and updated for each year through the upcoming year of 2019.
- 2 Unit Management Agreement has an Annual Deep Cleaning Fees of \$600 per unit, as outlined in Schedule 1

## **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.

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(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: 01/01/2019

Reserve Bank Balance as of Fiscal Year Start Date: \$6,077,039.00

Recommended Annual Contribution to the Reserve Account: \$2,600,000.00

Estimated Expenditures: \$1,611,372.50

Projected Reserve Bank Balance at the End of the Fiscal Year: \$7,278,362.90

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	2	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	2	20
Building Exterior - Roof East Roof	125,000.00	1	20
Building Exterior - Roof Main Dock (Done 2018)	80,000.00	19	20
Building Exterior - Roof Main Summit Pavilion	200,000.00	4	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 (Done 2018)	70,000.00	19	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	120,000.00	2	5
Common Area - Component: Equipment Contingency	20,000.00	0	1
Common Area - Component: Exterior Entrance Area Painting/ Renovation (Doors 1, 2, 8 and 9) (Done 2016)	40,000.00	7	10
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	2	30
Common Area - Security Monitoring System	1,000,000.00	3	30
Common Area - Signage -Directional Exterior (Done 2018)	60,000.00	9	10
Common Area - Signage Marquis at Freeway (Done 2017)	1,300,000.00	8	10
<b><u>Roads and Parking</u></b>			
Roads and Parking - Removal and Reconstruction Area 1 (Pink)	292,625.00	1	20
Roads and Parking - Removal and Reconstruction Area 2 (Red)	528,657.50	3	20
Roads and Parking - Removal and Reconstruction Area 3 (Blue)	816,997.50	4	20
Roads and Parking - Removal and Reconstruction Area 4 (Orange)	440,417.50	13	20
Roads and Parking - Removal and Reconstruction Area 5 (White)	908,205.00	3	20
Roads and Parking - Removal and Reconstruction Area 6 (Yellow)	597,857.50	3	20
Roads and Parking - Removal and Reconstruction Area 7 (Brown)	176,080.00	4	20
Roads and Parking - Removal and Reconstruction Area 8 (Green)	474,372.50	0	20
Roads and Parking - Removal and Reconstruction Area Ring Road (Purple)( Done 2016)	1,576,515.00	17	20

Version 1.01 - September 20, 2018

Roads and Parking - Surface Maintenance Treatment Area 1 (Pink)	23,410.00	1	5
Roads and Parking - Surface Maintenance Treatment Area 2 (Red) (Done 2018)	42,292.60	4	5
Roads and Parking - Surface Maintenance Treatment Area 3 (Blue)	65,359.80	1	5
Roads and Parking - Surface Maintenance Treatment Area 4 (Orange) (Done 2018)	35,233.40	4	5
Roads and Parking - Surface Maintenance Treatment Area 5 (White)	72,656.40	2	5
Roads and Parking - Surface Maintenance Treatment Area 6 (Yellow)	47,828.60	2	5
Roads and Parking - Surface Maintenance Treatment Area 7 (Brown)	14,086.40	2	5
Roads and Parking - Surface Maintenance Treatment Area 8 (Green)	37,949.80	1	5
Roads and Parking - Surface Maintenance Treatment Ring Road (Overlay Done 2016)	126,121.20	3	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 Phase 01	100,000.00	0	20
Utilities/ Mechanical/ Systems - Component: Air Handlers Phase 02	100,000.00	1	20
Utilities/ Mechanical/ Systems - Component: Building Management System (Done 2016)	90,000.00	17	20
Utilities/ Mechanical/ Systems - Component: Chiller 1	1,800,000.00	8	30
Utilities/ Mechanical/ Systems - Component: Chiller 2	1,800,000.00	8	30
Utilities/ Mechanical/ Systems - Component: Chiller 3	1,800,000.00	3	30
Utilities/ Mechanical/ Systems - Component: Cooling Towers Media	170,000.00	1	5
Utilities/ Mechanical/ Systems - Component: Cooling Towers Pump Valves	300,000.00	0	10
Utilities/ Mechanical/ Systems - Component: Cooling Towers Pumps (Replaced 2011)	130,000.00	3	10
Utilities/ Mechanical/ Systems - Component: Cooling Towers Pumps Back Up	375,000.00	1	20
Utilities/ Mechanical/ Systems - Component: Emergency Power Generator Elevator	150,000.00	3	30
Utilities/ Mechanical/ Systems - Component: Emergency Power Generator Tower 01	100,000.00	0	30
Utilities/ Mechanical/ Systems - Component: Emergency Power Generator Tower 02	150,000.00	0	30
Utilities/ Mechanical/ Systems - Component: Power Feed Phase 1 & 2	43,000.00	27	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	27	30
Utilities/ Mechanical/ Systems - Component: Soft Water System	40,000.00	1	12
Utilities/ Mechanical/ Systems - Component: Thermostats (Done 2016)	600,000.00	17	20
Utilities/ Mechanical/ Systems - Component: Water Pumps- Chilled, Left, 2 Riser Pumps, Soft Starters on 2 Chillers	450,000.00	17	20

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Utilities/ Mechanical/ Systems - Component: Water Pumps- Condensing (Done 2016)	750,000.00	27	30
Utilities/ Mechanical/ Systems - Water Domestic VFD's Replacement	45,000.00	13	15
<hr/>			
<b>Total:</b>	24,316,665.70		

## **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: 01/01/2019

Reserve Bank Balance as of Fiscal Year Start Date: \$7,155,910.00

Recommended Annual Contribution to the Reserve Account: \$2,100,000.00

Estimated Expenditures: \$670,000.00

Projected Reserve Bank Balance at the End of the Fiscal Year: \$8,836,367.20

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 (1/2 in 2018 and 1/2 in 2019)	670,000.00	0	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)	500,000.00	2	3
Units - Phone System (Done 2012)	268,670.00	1	15
Units - Remodel Phase 01	4,355,000.00	1	5
Units - Remodel Phase 02	4,355,000.00	2	5
Units - Television Replacement Contingency	536,000.00	1	5
<b>Total:</b>	11,354,670.00		



## **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.

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(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: 01/01/2019

Reserve Bank Balance as of Fiscal Year Start Date: \$3,094,245.00

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

Estimated Expenditures: \$1,760,000.00

Projected Reserve Bank Balance at the End of the Fiscal Year: \$3,442,543.40

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>Common Area</u></b>			
Common Area - Elevator Modernization Phase 01A (Done 2018)	250,000.00	24	25
Common Area - Elevator Modernization Phase 01B	250,000.00	0	25
Common Area - Elevator Modernization Phase 02 (High Rise)	500,000.00	2	25
Common Area - Elevator Modernization Phase 03 (Low Rise)	300,000.00	1	25
Common Area - Escalator Refurbishment Phase 01	250,000.00	1	30
Common Area - Escalator Refurbishment Phase 02	250,000.00	2	30
Common Area - Escalator Refurbishment Phase 03	250,000.00	3	30
<b><u>Fitness Center</u></b>			
Fitness Center - Component: Cabinet- Water, Towels, Laundry	2,500.00	12	15
Fitness Center - Component: Carpet Replacement	2,400.00	2	5
Fitness Center - Component: Ceiling Fans, Electrical and Lighting Contingency	2,500.00	7	10
Fitness Center - Component: Door Replacement	2,000.00	8	20
Fitness Center - Component: Elliptical Trainer with Touch Screen	27,000.00	2	5
Fitness Center - Component: Interior Painting	2,500.00	2	5
Fitness Center - Component: Key Fob Security System	2,500.00	1	3
Fitness Center - Component: Precore Benches	1,000.00	2	5
Fitness Center - Component: Precore Exercise Bike with Touch Screen	7,000.00	2	5
Fitness Center - Component: Sound System	1,500.00	7	10
Fitness Center - Component: Stairmaster with Touch Screen	3,500.00	2	5
Fitness Center - Component: Treadmill with Touch Screen	18,000.00	2	5
Fitness Center - Component: TV Replacement	1,800.00	2	5
Fitness Center - Component: Weight Machine	10,000.00	12	15
Fitness Center - Component: Weights and Stand	2,000.00	12	15
<b><u>Hallways</u></b>			
Hallways - Artwork, Decorations and Furniture Phase 01	65,000.00	1	5
Hallways - Artwork, Decorations and Furniture Phase 02	65,000.00	2	5
Hallways - Flooring Phase 01	1,430,000.00	1	5
Hallways - Flooring Phase 02	1,430,000.00	2	5
Hallways - Lighting and Electrical Phase 01	65,000.00	1	10
Hallways - Lighting and Electrical Phase 02	65,000.00	2	10
Hallways - Painting and Wall Covering Phase 01	650,000.00	1	10
Hallways - Painting and Wall Covering Phase 02	650,000.00	2	10
<b><u>Lobby</u></b>			
Lobby - Front Desk Renovation (Done 2018)	400,000.00	9	10
Lobby - Remodel	1,500,000.00	0	10

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**Pool Area**

Pool Area - Component: Filters, Pumps, UV Sterilizer, Brominator, Controllers, etc. (Future)	10,000.00	0	1
Pool Area - Component: Ice Rink Replacement (Future)	500,000.00	13	15
Pool Area - Furniture Replacement	40,000.00	1	3
Pool Area - Pool Resurface (Future)	50,000.00	8	10
Pool Area - Restroom Remodel (Future)	30,000.00	8	10
Pool Area - Spa Resurface (Future)	16,000.00	4	6
<hr/>			
<b>Total:</b>	9,102,200.00		

1 CODE: **3785**  
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10 Attorneys for Plaintiffs

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

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

14 Plaintiffs,

15 vs.

Case No. CV12-02222  
Dept. No. OJ37

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

25 Defendants.

26 **REPLY IN SUPPORT OF MOTION FOR INSTRUCTIONS TO RECEIVER TO TAKE**  
27 **OVER CONTROL OF RENTS, DUES, REVENUES, AND BANK ACCOUNTS**

28 Plaintiffs Albert Thomas *et al.*, by and through their counsel of record, the law firm of  
Robertson, Johnson, Miller & Williamson, hereby submit this Reply in Support of Motion for  
Instructions ("Reply"). This Reply is supported by the attached memorandum of points and  
authorities, the attached exhibits, the papers, pleadings and documents on file herein, and any  
oral argument this Court may choose to hear.

RESPECTFULLY SUBMITTED this 21<sup>st</sup> day of April, 2021.

ROBERTSON, JOHNSON,  
MILLER & WILLIAMSON

By: /s/ Jonathan Joel Tew  
Jonathan Joel Tew, Esq.  
Attorneys for Plaintiffs

Robertson, Johnson,  
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REPLY IN SUPPORT OF MOTION FOR INSTRUCTIONS TO RECEIVER  
TO TAKE OVER CONTROL OF RENTS, DUES, REVENUES, AND BANK ACCOUNTS

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 The Defendants' opposition and motion to strike ("Opposition-Motion" or "Opp.-Mot.")  
4 presents four (4) frivolous and misleading arguments. Each argument falls apart upon the most  
5 minimal of scrutiny.

6 The Defendants first argue that the Plaintiffs' motion ("Motion") is an untimely motion  
7 for reconsideration because the Plaintiffs asked the Court to instruct the Receiver to take over the  
8 accounts in March 2020, and the Court did not grant that relief. Disturbingly, the Defendants fail  
9 to disclose to the Court that over the course of three (3) particular days of hearings, the parties  
10 reached a stipulation on this issue and resolved it without judicial adjudication. Indeed, the Court  
11 even stated on July 9, 2020 that if the issue over control of the accounts arose again, the Court  
12 would *review it in the future and resolve it*.

13 Thus, the Defendants' very first argument is both baseless and intellectually dishonest. In  
14 fact, had the parties not resolved the matter on the record, and the Court not stated what it stated,  
15 the Motion would *still* not be a reconsideration Motion because the factual basis supporting it is  
16 completely different than the factual basis for the March 2020 Motion. Thus, it is rather  
17 astonishing that the Defendants even make their "reconsideration" argument since it is  
18 completely devoid of merit and is deceptive.

19 The Defendants next argue that the Receiver's takeover of the accounts and revenues  
20 ("Accounts") is unnecessary because: (1) the Defendants have not interfered with the Receiver's  
21 duties and have only been cooperative; (2) the Receiver has yet to request control of the  
22 Property's accounts; (3) the Court should defer to the Receiver's discretion; and (4) the Plaintiffs  
23 have failed to demonstrate why the Receiver must "suddenly" take over the Accounts. (*See Id.*)

24 Yet, *the very same day* the Defendants filed their Opposition-Motion, the Receiver's  
25 counsel: (1) provided notice to the Defendants that they were "*impeding the Receiver's ability to*  
26 *do his job;*" and (2) instructed the Defendants to "immediately" comply with the Court's  
27 December 24, 2020 Order's disgorgement requirements. (Ex. 1 (emphasis supplied).) To date,  
28 the Defendants have *not* complied with the Receiver's disgorgement directive.

1 Thus, while the Defendants represented to this Court that there is no basis to grant  
2 Plaintiffs' Motion because they are not interfering with the Receivership, the *Defendants'*  
3 *conduct* establishes that their representations to the Court were not truthful. Indeed, the  
4 Defendants' continuing, willful violation of the Court's December 24, 2020 Order ("December  
5 Order" or "December 2020 Order" or "Sanctions Order"), and their refusal to pay the Plaintiffs  
6 any revenue since January 2020, demonstrates that the Receiver must take control of the  
7 Accounts.<sup>1</sup> Since the Defendants are willfully failing to comply with Court orders regarding the  
8 Receivership, they are *de facto interfering with the Receivership and the Receiver*, and the  
9 Court cannot allow such misconduct to stand.

10 The Defendants' third misguided argument is that they have not deprived the Plaintiffs of  
11 revenue since January 2020. This is yet another stunning misrepresentation to the Court. Indeed,  
12 the Defendants' *own Opposition-Motion* plainly admits that they have not provided revenue  
13 checks to the Defendants but instead have "applied a credit" to the Plaintiffs' monthly  
14 statements. Credits are not revenue. The simple truth is the Defendants have cut off the  
15 Plaintiffs' revenue for the past sixteen (16) months and refuse to provide either disgorgement or  
16 monthly revenue to the Plaintiffs – which they are required to do under the Court's December  
17 Order, the Receiver's instruction, the Governing Documents, the very monthly statements that  
18 have been issued reflecting revenue owed to the Plaintiffs, and the Court's order appointing  
19 receiver ("Appointment Order").

20 Finally, the Defendants claim that the Plaintiffs' reference to the investigative report of  
21 the Phoenix Coyotes shows that their Motion is nothing more than a personal attack on Alex  
22 Meruelo ("Alex" or "Alex Meruelo"). This argument is baseless, because the Defendants' refusal  
23 to provide Plaintiffs any revenue for the past sixteen (16) months in willful violation of the  
24 Court's Sanctions Order is the lynchpin of the Plaintiffs' request that the Receiver take control of  
25 the Accounts. If the Receiver takes control of the Accounts, the Defendants will not be able to  
26

27 <sup>1</sup> The Defendants have been placed in default, *subjected to case-terminating sanctions*, sanctioned again after the  
28 issuance of case-terminating sanctions, and now are committing contempt of Court by refusing to comply with that  
Sanctions Order without any legally recognized excuse. The Defendants cannot honestly be confounded by why it is  
important for the Receiver to take control of the Accounts.

1 thwart the Court or the Receivership by withholding revenues and funds owed when it suits their  
2 financial interest. As such, to claim the Motion is nothing more than an effort to personally  
3 attack Alex is nothing short of bizarre.

4 Moreover, the Defendants' argument here fails for another key reason: the investigative  
5 report *is relevant* to the instant dispute. Indeed, the investigative report suggests that the Coyotes  
6 may be having financial troubles and that the reputable firm of Seyfarth Shaw is investigating the  
7 Coyotes regarding the accuracy of the financial statements it submitted to its lenders. The  
8 Defendants in this action committed financial fraud and submitted false statements to the  
9 Plaintiffs, and the Accounts are currently controlled by the Defendants in a Bank founded by  
10 Alex Meruelo in California. When this action was temporarily dismissed, the Defendants took all  
11 of the reserve funds out of the Accounts and gave at least half of the reserves to Alex **personally**  
12 – and not to the Unit Owners in proportion of their ownership. Thus, while the investigative  
13 report is not essential to the granting of the Plaintiffs' Motion, its indication of very *recent*  
14 financial problems of the Defendants' owner's entities is alarming and *supports* Plaintiffs'  
15 position that the Receiver should take control of the Accounts.

16 In sum, the Court should grant the Plaintiffs' Motion and instruct the Receiver to take  
17 control of the Accounts as specified in the Appointment Order (*Id.* at pp. 2-4; 8:16-9:1-2.) By  
18 doing so, the Court will stop the Defendants' improper interference with the Receivership,  
19 prevent the further violation of this Court's December Order, and help ensure that the Plaintiffs  
20 receive the revenue they are entitled to under the Governing Documents and Appointment Order.

## 21 **II. LEGAL ARGUMENT**

### 22 ***A. The Defendants' Procedurally Improper Opposition-Motion Must Be Denied***

23 As a threshold matter, the Defendants' Opposition-Motion fails because the Defendants  
24 violated a procedural rule that renders their brief fatally defective. Specifically, the Defendants  
25 violated WDCR 10(3)(a), which provides that "[a]ny motion, opposition, reply, etc., **must** be  
26 filed as a separate document **unless it is pleaded in the alternative.**" (Emphasis supplied.) The  
27 Opposition-Motion was not pleaded in the alternative and seeks cumulative relief – i.e., the  
28 denial of the takeover of accounts *and* the striking of the Plaintiffs' references to the

1 investigative report of the Coyotes. Accordingly, the Defendants Opposition-Motion is a rogue  
2 document and must be rejected in its entirety.

3 While the Defendants might argue that their violation of a local rule is trivial and should  
4 be disregarded, the Defendants cannot, while under case-terminating sanctions, continue to  
5 *persistently* violate local rules and require the Plaintiffs to incur unnecessary fees to respond to  
6 their defective and improper briefing.

7 In addition, the “motion” portion of the Defendants’ Opposition-Motion is also not  
8 properly before the Court because it contains no separate memorandum of legal authorities or  
9 any legal authority to support it. Notably, the only rule in the Nevada Rules of Civil Procedure  
10 contemplating a motion to strike is NRCP 12(f), but that Rule only applies to pleadings – not  
11 motions. The Defendants cite to Rule 11, but Rule 11 does not provide a mechanism for filing a  
12 motion to strike and therefore cannot be utilized to grant the relief requested. *See, e.g., United*  
13 *States v. Damante*, No. 2:11-CR-0064-JCM-CWH, 2011 WL 4007623, at \*3 (D. Nev. Sept. 8,  
14 2011) (“Unfortunately, Defendant’s motion contains no legal authority except a recitation of 18  
15 U.S.C. § 875, a provision that provides no legal basis for the requested relief.”)

16 By failing to present any legal authority explaining the standard or legal basis for their  
17 motion to strike, the Defendants’ request simply cannot be granted. *See K.D. v. United Airlines,*  
18 *Inc.*, No. 217CV02825RFBNJK, 2018 WL 6028694, at \*1 (D. Nev. Nov. 16, 2018) (denying  
19 motion for containing no legal authority in support of the argument presented); *see, e.g., In re*  
20 *Jacobson*, 47 B.R. 476, 477 (D. Colo. 1985) (noting that a motion contained “no legal authority  
21 to support it,” “fail[ed] to even state what the current law is,” and was “frivolous on its face.”)  
22 Accordingly, the Defendants’ requested “motion” relief must be denied.

23 ***B. The Plaintiffs’ Motion is Not a Motion for Reconsideration***

24 In March 2020, the Plaintiffs filed a Motion for Instructions (“March 2020 Motion”)  
25 requesting that the Receiver take control of the Accounts because: (1) the Defendants had moved  
26 the Accounts from Bank of America to a Bank in California (in apparent violation of NRS  
27 Chapter 116) (*Id.* at 2:12-20); (2) the Receiver was not timely providing reserve account  
28 balances with the monthly statements (*Id.* at 5:11-21); (3) the Reserves were not being properly



1 or fairly funded (*Id.* at 6:20-24); and (4) the takeover of the Accounts would remedy those issues  
2 and facilitate any required disgorgement due to the improper reserve funding. (*Id.*)

3 The Defendants' Opposition-Motion argues that the March 2020 Motion's request and  
4 the instant Motion's request were the same, that the Court did not grant Plaintiffs' request, and  
5 that the Plaintiffs' instant Motion is therefore an untimely motion for reconsideration. (Opp.-  
6 Mot. at 3:14-27.) None of the above representations are truthful.

7 Indeed, the Defendants neglect to point out to the Court that the parties resolved the  
8 Accounts-control issue presented in the March 2020 Motion over the course of three (3) separate  
9 days of hearings ***without the Court ruling on it***. Incredibly, not only did the Court not rule on the  
10 Plaintiffs' Accounts takeover request, it specifically held that if the takeover of accounts issue  
11 came up again, the Court would address it at that future time. Thus, the Defendants are again not  
12 being honest with the Court.

13 To help the Court understand this history, the parties first resolved the funding of the  
14 reserves issue, and stipulated to the payment of \$245,554.56 in disgorgement (unrelated to the  
15 disgorgement ordered in the December 2020 Order), on the record on May 20, 2020. (*See* May  
16 20, 2020 Transcript, attached hereto as Ex. 2, at 96:1-98:24.) The parties also addressed the issue  
17 of the Accounts being transferred to the California Bank at the time, as the Defendants  
18 represented that the Accounts were moved for interest rate purposes (*See* June 17, 2020  
19 Transcript, attached hereto as Ex. 3, at 413:1-415:1.)

20 Finally, and most critically, on July 9, 2020, the parties acknowledged that they had  
21 worked out the Accounts-control issue and that it was unnecessary to have the Receiver take  
22 control over the Accounts *at that time*. (*See* July 9, 2020 Transcript at 529:17-530:2; 534:22-  
23 536:16, attached hereto as Ex. 4). Indeed, the Court even specifically stated as to the Accounts-  
24 takeover request that: “[i]f it comes back **again in the future**, we can certainly resolve it, and  
25 **hopefully it won't take months to get that issue taken care of, but it sounds like the parties**  
26 **have worked through that as well.**” (*Id.* at 536:3-7 (emphasis supplied).)

27 Thus, the Defendants' reconsideration argument is as frivolous as it is deceptive. The  
28 Court not only did not render an order on Plaintiffs' request that would necessitate a motion for

1 reconsideration, the Court affirmatively indicated that if the issue of control over the Accounts  
2 came up again, it would address the issue in the future **and resolve it**. The Defendants simply  
3 have no credibility left whatsoever.

4       Additionally, as the Motion makes clear, the Plaintiffs **in 2021** requested that the Court  
5 instruct the Receiver to take over the Accounts because the Defendants had deprived the  
6 Plaintiffs of all revenue and violated the Court's December 2020 Order requiring the  
7 disgorgement of significant revenues owed to the Plaintiffs. These issues **postdate** the March  
8 2020 Motion and are completely separate from the specific issues addressed in the March 2020  
9 Motion. As such, even if the Defendants' reconsideration argument did not misrepresent the  
10 record and the Court's findings, the Motion cannot be a motion for reconsideration because it  
11 deals with entirely distinct issues.

12       Accordingly, the Defendants' baseless reconsideration argument must be rejected.

13       ***C. The Plaintiffs' Motion and Requested Relief is Well-Supported***

14       The Defendants next argue that the Plaintiffs' Motion is "unsupported." (Opp.-Mot. at  
15 4:3-5:26.) To support that argument, they state:

- 16       • "The Receiver should not be required to take over the reserve accounts unless in  
17       his sound discretion he believes that is necessary." (*Id.* at 4:15-16.)
- 18       • "Plaintiffs' continual efforts to limit the discretion of and dictate the decisions of  
19       the Receiver must stop." (*Id.* at 4:13-14.)
- 20       • "Defendants have worked cooperatively with the Receiver and have provided him  
21       with all the information he requests." (*Id.* at 4:16-17.)
- 22       • "Despite Plaintiffs' contentions, Defendants are in no way interfering or  
23       preventing [the Receiver] from performing his obligations." (*Id.* at 4:23-24.)
- 24       • "Critically, the Receiver has not indicated he cannot perform his obligations in  
25       this case." (*Id.* at 4:25-26.)

26       Incredibly, the same day the Defendants represented the above to the Court by filing their  
27 Opposition-Motion, the Receiver's counsel sent Defendants' counsel an email stating the  
28 following:

- “[t]he December 24, 2020 Order is in effect and its directives ***must be followed and implemented by the Receiver. It has now been almost 4 months since entry of this Order and it must be complied with; therefore, please instruct your client to make these disgorgements immediately.***”
- “When the Receiver was at the GSR yesterday to obtain documentation and information in connection with his duties as Receiver, the new CFO for the GSR, Christopher Balaban, was questioning the Receiver regarding why certain items could not be included in certain fees and ***was impeding the Receiver’s ability to do his job and focus on the information and documentation which the Receiver needed.*** This resulted in the meeting lasting much longer than would have been necessary. As you are aware, ***your client and its representatives are required to cooperate with the Receiver*** and should not be questioning him about the Governing Documents or about why he needs certain information and documentation. Mr. Balaban’s contact information is below for your reference. ***Please remind your client of their obligations under the various orders concerning the receivership.***”

(See Ex. 1 (emphasis supplied).)

Thus, while the Defendants represented to this Court that they have been cooperative and are not interfering with or preventing the Receiver from performing his obligations, they were not being truthful. Worse, the Defendants even attempt a form of playground projectionism and try to ***blame the Plaintiffs*** for interfering with the “Receiver’s discretion” – stating that the Plaintiffs’ “efforts . . . ***must stop.***” The Defendants’ projectionism would be comical if it were not for the very serious and dire consequences the Defendants’ refusal to comply with the Court’s December Order and the Receiver’s directive are having on the Plaintiffs – who have received no revenue for sixteen (16) months and counting.<sup>2</sup>

The Court should not condone the Defendants’ actions or the mistruths in their Opposition-Motion, and should promptly grant Plaintiffs’ Motion. If the Receiver controlled the Accounts, the Defendants would have no ability to violate the Court’s orders and interfere with the Receiver’s duties when it comes to certain critical, monetary aspects of the Receivership. Ironically, if the Receiver had control of the Accounts, the Defendants would not have been able

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<sup>2</sup> By cutting off the revenue the Plaintiffs are entitled to receive, the Defendants are in active violation of the Court’s Appointment Order because they are thwarting the Receiver’s ability to perform his obligations and duties thereunder. (*Compare* Appointment Order at 1:27-2:3 (appointing the Receiver to implement compliance with the Governing Documents) *with* 8:2-6 (“Defendants . . . ***shall not*** engage in or perform directly or indirectly, any or all of the following acts: a. ***Interfering with the Receiver***, directly or indirectly, in the management and operation of the Property . . . c. ***Doing any act which will, or which will tend to, impair, defeat, divert, prevent or prejudice the preservation of the Property or the interest of the Plaintiffs in the Property.***” (Emphasis supplied)).)

1 to commit contempt of Court because they would not have had the ability to willfully violate the  
2 Court's December 2020 Order without any recognized legal excuse.

3 ***D. The Defendants' Claim that They Have Not Deprived Plaintiffs of Revenue for***  
4 ***Sixteen Months and Counting Is Yet Another Deliberate Misrepresentation***

5 The Defendants' argument that they have not deprived the Plaintiffs of revenue is as  
6 strange as it is dishonest. The Plaintiffs' Motion argued that the Defendants have not provided  
7 revenue to the Plaintiffs since January 2020 – which is still true as of the date of the filing.

8 To provide more context for the Court's benefit, the Court's October 2020 and November  
9 2020 Orders concluded that the fees charged to the Plaintiffs were excessive and did not comply  
10 with the Governing Documents. Subsequently, in December 2020, the Court ruled that the prior  
11 Receiver's fee calculations should be used until such time as the new Receiver recalculated the  
12 improper fees.

13 The difference between the improper and excessive fees that were charged from January  
14 2020 forward, on the one hand, and the prior Receiver's fees, on the other hand, left revenue that  
15 would have belonged to the Plaintiffs but-for the improper fees that were charged. As such, the  
16 Court's December Order logically ordered that revenue **to be disgorged to the Plaintiffs**.

17 The Defendants, despite the Court's December Order, and the Receiver's instruction to  
18 the Defendants to "**immediately**" disgorge the funds, have refused to do so.

19 In addition, the Receiver is presently working on recalculating the fees the Court  
20 determined were improper in its October, November, and December 2020 Orders. As such, the  
21 Receiver has on an interim basis applied the prior Receiver's fees, and the Plaintiffs' monthly  
22 statements since January 2021 show ***they are owed revenue***. Yet, the Defendants have failed to  
23 pay any of that revenue to the Plaintiffs by not issuing to Plaintiffs revenue checks along with the  
24 Plaintiffs' monthly statements.

25 Thus, the record demonstrates that the Defendants have **not** paid revenue to the Plaintiffs  
26 since January 2020 – either through the required disgorgement or monthly revenue checks.  
27 Incredibly, while the Defendants ***initially*** claim they have not deprived the Plaintiffs of revenue  
28 since January 2020, they effectively concede later in their Opposition-Motion that they are not

1 being truthful. Indeed, the Defendants acknowledge that they have “applied a credit to Plaintiffs’  
2 monthly unit owner statements.” (Opp.-Mot. at 5:16-17.) Providing a credit is **not** providing  
3 revenue. Further, a “credit” does not comply with the Governing Documents, the Court’s  
4 December 2020 Order, or the Receiver’s directive.

5 If the Defendants were being truthful to the Court, they would only need to produce the  
6 checks and other financial records showing that they transmitted the **actual revenue** to the  
7 Plaintiffs which they are entitled to receive under the Governing Documents, the Appointment  
8 Order, the Court’s December 2020 Order, and the Receiver’s directive. Of course, the  
9 Defendants cannot provide such evidence because they have deprived the Plaintiffs of revenue  
10 since January 2020.

11 In sum, the Defendants’ frivolous and misleading argument regarding the deprivation of  
12 revenue simply shows why the Receiver should be instructed to take control of the Accounts.

13 ***E. The Alex Meruelo Investigative Report is Relevant and of Importance***

14 Finally, the Defendants argue that Plaintiffs’ Motion is a “self-serving effort to attack”  
15 Alex Meruelo and “burden the Court with more paper on an issue that is already pending before  
16 the Court – seemingly hoping that doing so will somehow prompt the Court to act on the pending  
17 motions in their favor.” (Opp.-Mot. at 2:18-20.) To be perfectly candid, Plaintiffs have no idea  
18 whatsoever how the Defendants came to the utterly absurd conclusion that Plaintiffs’ Motion is  
19 nothing more than “a personal attack” on Alex Meruelo and a “prompt” to the Court to rule in  
20 their favor on other separate motions.

21 The Motion is well supported and is designed to put into effect a now essential part of the  
22 Appointment Order due to the Defendants’ wrongful use of their control over the Accounts to  
23 violate this Court’s orders (and now the Receiver’s directives). It is plainly obvious that absent  
24 Receiver control of the Accounts, the Defendants can and will continue to violate the Court’s  
25 December Order and make disbursement decisions based upon their own discretion. Indeed, as  
26 of the date of this very Reply, the Defendants are still improperly withholding revenue, and they  
27 can only do so because the Receiver does not presently control the Accounts.

1 If the Court grants the instant Motion, the Defendants cannot withhold revenue when it  
2 suits their interest or violate Court orders and Receiver directives. As such, Defendants' claim  
3 that the Motion is just a "personal attack" and attempt to "prompt" the Court to rule on other  
4 motions is completely unfounded.

5 The Defendants also argue that Plaintiffs' reference to the investigative report of the  
6 Coyotes' business practices and financial condition is irrelevant to the instant dispute. The  
7 Defendants' argument here is disingenuous.

8 Alex is the Managing Member and Owner of the Defendants. He also owns the Coyotes.  
9 The investigative report suggests that the Coyotes are having recent financial troubles and that  
10 the reputable firm of Seyfarth Shaw is investigating the Coyotes regarding financial statements it  
11 submitted to its lenders and the National Hockey League. The Defendants in this action not only  
12 committed financial fraud and submitted false statements to the Plaintiffs, they currently control  
13 the Accounts (which are held in a California Bank founded by Alex Meruelo).

14 As the Motion pointed out, when the Defendants improperly took the reserves out of the  
15 Accounts in violation of the Governing Documents during the temporary dismissal of this action,  
16 *a significant portion of those reserves were transferred to Alex personally* – not to the Unit  
17 Owners in proportion to their ownership. Thus, the investigative report simply provides *further*  
18 *support* for Plaintiffs' arguments as to why the Receiver should take control of the Accounts. It  
19 is not the "lynchpin" of Plaintiffs' Motion – but it raises serious, relevant concerns about whether  
20 the Defendants – in light of their refusal to provide revenue and disgorgement as ordered by this  
21 Court and directed by the Receiver – should continue to have control over the Accounts.

22 Accordingly, the Defendants' attempt to spin the Motion into a personal attack and a  
23 "burden on the court" is simply baseless.

24 ***F. The Defendants Should Stop Advancing False Narratives and Accusing the***  
25 ***Plaintiffs of Misconduct***

26 The Plaintiffs are compelled to dispel Defendants' continued efforts to advance a  
27 flagrantly false and inherently dangerous narrative: namely, that *the Plaintiffs* are "[u]necessarily  
28 multiplying" the proceedings of this case and "wasting both the Court's and the parties'

resources.” (Opposition at 2:8-9.)<sup>3</sup> The record in this case clearly demonstrates that the Defendants are the **only** parties to this litigation that have multiplied the proceedings and wasted the Court’s resources. In fact, the record reflects that the Plaintiffs have not violated a single order of Court in this case or been reprimanded by the Court for any misconduct (or attempt to delay or create unnecessarily duplicative proceedings).

Conversely, the record in this case shows: (1) the Defendants’ repeated violations of the rules; (2) this Court’s repeated reprimands of the Defendants for delaying this case and making the proceedings as protracted and unjust as possible; (3) the Defendants’ repeated discovery abuses, violations of Discovery Commissioner’s recommendations for orders, and violations of the Court’s confirming orders; (4) the Court’s multiple progressive sanctions orders, including the striking of the Defendants’ answer and counterclaims; (5) the subsequent entry of case-terminating sanctions against Defendants for additional abuses; (6) the Court’s recent (**post**-case-terminating sanctions) Sanctions Order (due to the Defendants’ unnecessary delay of the proceedings and attempt to mislead the Receiver); (7) the Defendants’ willful violation of that very (**post**-case-terminating sanctions) Sanctions Order; and (8) the Defendants’ recent refusal to comply with the Receiver’s directive to comply with the Court’s Sanctions Order and disgorge funds to the trust account of Plaintiffs’ counsel “immediately.”

The Defendants should stop presenting transparent falsehoods to the Court and show some integrity before the Court.<sup>4</sup> Complying with enforceable orders would be a good start.

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<sup>3</sup> The very notion that the Defendants’ resources are being wasted is frankly comical since their attorneys’ fees are reimbursed by the Unit Owner’s Association’s insurance. Unlike the Defendants, the Plaintiffs do not have the luxury of being able to litigate using house money by tendering their attorneys’ fees to an insurance carrier. The Plaintiffs have to pay their own attorneys’ fees.

<sup>4</sup> Indeed, the Defendants seem confident that if they assert the same false narratives over and over again, the Court will eventually believe them to be true. This is commonly referred to as the “illusory truth effect.” *See, e.g.*, Massachusetts Institute of Technology Journal of Cognitive Neuroscience, Abstract “On Known Unknowns: Fluency and the Neural Mechanisms of Illusory Truth,” Vol. 28, No. 5, Pages 739-746 May 2016 ([http://cognet.mit.edu/journal/10.1162/jocn\\_a\\_00923](http://cognet.mit.edu/journal/10.1162/jocn_a_00923)) (describing the “Illusory Truth” effect); *accord*, Scientific American, “I Heard It Before, So It Must Be True,” by Suzana Martinez-Conde (October 5, 2019) (<https://blogs.scientificamerican.com/illusion-chasers/i-heard-it-before-so-it-must-be-true/>) (“This phenomenon, pervasive in contemporary politics, advertising, and social media, is known in cognitive psychology as the ‘illusory truth effect.’”); *see also Id.* (“The implications . . . where [individuals] are often repeatedly exposed to both plausible

1 **III. CONCLUSION**

2 The Defendants' Opposition-Motion is not only meritless and procedurally defective, it  
3 presents deliberate falsehoods in an effort to counter the arguments the Plaintiffs make in their  
4 Motion. While the Defendants try to use the words "Receiver's discretion" to defeat Plaintiffs'  
5 Motion, the **Defendants' conduct** demonstrates they have no *actual* respect for the Receiver's  
6 discretion.<sup>5</sup> The **Defendants' conduct** demonstrates that they are the only ones actually  
7 substituting their discretion for that of the Receiver and of the Court (by perpetually refusing to  
8 comply with the Court's orders and Receiver's recent directive). And, the **Defendants' conduct**  
9 demonstrates why the Accounts must be turned over to the control of the Receiver – as  
10 contemplated by the Appointment Order. (Appointment Order at 8:16-9:1-2 ("Defendants and  
11 any other person or entity who may have possession, custody or control of any Property,  
12 including any of their agents, representatives, assignees, and employees **shall** . . . [t]urn over to  
13 the Receiver all rents, dues, reserves and revenues derived from the Property wherever and in  
14 whatsoever mode maintained." (Emphasis supplied)).)

15 In sum, the Court should disregard the Defendants' arguments and summarily grant the  
16 Plaintiffs' Motion. In light of the Defendants' recent and willful litigation abuses and thwarting  
17 of the Receivership, they have no business controlling the Accounts any longer.

18 **AFFIRMATION**

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

21 RESPECTFULLY SUBMITTED this 21<sup>st</sup> day of April, 2021.

22 ROBERTSON, JOHNSON,  
23 MILLER & WILLIAMSON  
By: /s/ Jonathan Joel Tew  
24 Jarrad C. Miller, Esq.  
Jonathan Joel Tew, Esq.  
25 Attorneys for Plaintiffs

26 and implausible falsehoods, *is that even patent lies may slowly become more credible, provided enough repetition.*"  
27 (Emphasis supplied)).)

28 <sup>5</sup> In fact, the Court sanctioned the Defendants for attempting to mislead the Receiver with a false interpretation of the Court's orders. (See December Order at 3:15-21.)



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Good cause exists to extend the page limit of the Reply by just a couple pages because the Defendants' Opposition-Motion takes positions that are directly contrary to the record – which includes several days of hearings. Accordingly, to adequately respond to the Defendants' Opposition-Motion, the Plaintiffs were required to extensively draw on that record and other evidence to demonstrate that the Defendants' arguments fail to withstand any reasonable scrutiny. Further, the Defendants also took positions that were deceptive or untruthful, which required the Plaintiffs to address more than simply the merits of the Defendants' arguments. Finally, the Defendants violated a local rule which required analysis.

RESPECTFULLY SUBMITTED this 21st day of April , 2021.

By: /s/ Jonathan Joel Tew  
Jarrad C. Miller, Esq.  
Jonathan Joel Tew, Esq.  
Attorneys for Plaintiffs

1 **CERTIFICATE OF SERVICE**

2 Pursuant to NRCP 5(b), I hereby certify that I am an employee of Robertson, Johnson,  
3 Miller & Williamson, 50 West Liberty Street, Suite 600, Reno, Nevada 89501, over the age of  
4 18, and not a party within this action. I further certify that on the 21<sup>st</sup> day of April, 2021, I  
5 electronically filed the foregoing **REPLY IN SUPPORT OF MOTION FOR**  
6 **INSTRUCTIONS TO RECEIVER TO TAKE OVER CONTROL OF RENTS, DUES,**  
7 **REVENUES, AND BANK ACCOUNTS** with the Clerk of the Court by using the ECF system  
8 which served the following parties electronically:

9 David C. McElhinney, Esq.  
10 Jennifer K. Hostetler, Esq.  
11 Lewis Roca Rothgerber Christie, LLP  
12 One East Liberty Street Suite 300  
13 Reno, NV 89501  
14 *Attorneys for Defendants*

F. DeArmond Sharp, Esq.  
Stefanie T. Sharp, Esq.  
Robison, Sharp Sullivan & Brust  
71 Washington Street  
Reno, NV 89503  
*Attorneys for Receiver*  
*Richard M. Teichner*

14 /s/ Stefanie E. Smith  
15 An Employee of Robertson, Johnson,  
16 Miller & Williamson  
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**Index of Exhibits**

<b><u>Exhibit</u></b>	<b><u>Description</u></b>	<b><u>Pages</u></b>
1	Email from Stefanie Sharp	2
2	May 20, 2020 Transcript	5
3	June 17, 2020 Transcript	4
4	July 9, 2020 Transcript	8

EXHIBIT “1”

EXHIBIT “1”

EXHIBIT “1”

**From:** Stefanie Sharp <ssharp@rssblaw.com>  
**Sent:** Wednesday, April 14, 2021 2:54 PM  
**To:** McElhinney, David C. <DMcElhinney@lewisroca.com>  
**Cc:** Jarrad Miller <jarrad@nvlawyers.com>  
**Subject:** GSR Receivership

Good afternoon David. There are a couple of issues related to the receivership which I need you to address with your client. The matters are set forth below:

1. When the Receiver was at the GSR yesterday to obtain documentation and information in connection with his duties as Receiver, the new CFO for the GSR, Christopher Balaban, was questioning the Receiver regarding why certain items could not be included in certain fees and was impeding the Receiver's ability to do his job and focus on the information and documentation which the Receiver needed. This resulted in the meeting lasting much longer than would have been necessary. As you are aware, your client and its representatives are required to cooperate with the Receiver and should not be questioning him about the Governing Documents or about why he needs certain information and documentation. Mr. Balaban's contact information is below for your reference. Please remind your client of their obligations under the various orders concerning the receivership.

Christopher Balaban  
Chief Financial Officer  
Tel: 775.789.1147 | Mob: 630.800.7421  
[Christopher.Balaban@GrandSierraResort.com](mailto:Christopher.Balaban@GrandSierraResort.com)

2. Under the December 24, 2020 order entered by the Court until the DUF, the Hotel Expense Fees, and Shared Facilities fees are recalculated by the Receiver, the fees calculated by the past receiver shall be applied and the amounts charged since January of 2020 under the improper fee allocations "shall be disgorged to the Plaintiffs, and the new fee allocations shall not go into effect until calculated (they will not be retroactively applied)." (*See* Order, emphasis added.) The Receiver has requested, through Mr. Reed Brady, that the Defendants disgorge these fees. The Receiver was advised that this request could not be honored because "the condo committee is concerned that the Court may reverse the prior decision to use the old fee charges and impose higher amounts, and so the concern is that GSR will never collect the money, or a portion of the money, distributes." The December 24, 2020 Order is in effect and its directives must be followed and implemented by the Receiver. It has now been almost 4 months since entry of this Order and it must be complied with; therefore, please instruct your client to make these disgorgements immediately. The disgorgement will be handled in the same manner as previous disgorgements, by way of wire transfer to Mr. Miller's trust account. I am happy to facilitate getting this accomplished. Please contact me once you have addressed this with your client.

Please do not hesitate to contact me if you have any questions regarding the forgoing or need any additional information to address these concerns.

Thank you for your cooperation and assistance.

Best regards,

Stefanie

Stefanie T. Sharp, Esq.



Robison Sharp Sullivan Brust

71 Washington Street  
Reno, NV 89503  
Phone - 775.329.3151  
Fax - 775.329.7941  
[www.rssblaw.com](http://www.rssblaw.com)

# EXHIBIT “2”

FILED  
Electronically  
CV12-02222  
2021-04-21 04:11:24 PM  
Jacqueline Bryant  
Clerk of the Court  
Transaction # 8406764 : csulezic

# EXHIBIT “2”

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  
Plaintiffs,  
12 vs.

13 MEI-GSR HOLDINGS, LLC, a Nevada  
Limited Liability Company,  
14 Defendants.  
15

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18 TRANSCRIPT OF PROCEEDINGS

19 HEARING ON MOTION TO TERMINATE UNIT RENTAL AGREEMENT AND  
MOTIONS FOR INSTRUCTIONS TO THE RECEIVER

20

21 WEDNESDAY, MAY 20, 2020

22

23

24 Job No. 627119

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

<p style="text-align: right;">Page 2</p> <p>1 APPEARANCES:</p> <p>2 For the Plaintiffs: JARRAD C. MILLER, ESQ. JONATHAN J. TEW, ESQ. 3 ROBERTSON, JOHNSON, MILLER &amp; WILLIAMSON 4 50 W. Liberty Street, Suite 600 Reno, Nevada</p> <p>6 For the Defendants: DAVID C. McELHINNEY, ESQ. LEWIS ROCA ROTHGERBER CHRISTIE 7 One E. Liberty Street, Suite 300 Reno, Nevada</p> <p>9 Also Present: RICHARD TEICHNER</p> <p>10 11 12 13 14 15 16 17 18 19 20 21 22 23 24</p>	<p style="text-align: right;">Page 3</p> <p>1 -oOo-</p> <p>2 RENO, NEVADA; WEDNESDAY, MAY 20, 2020; 9:00 A.M.</p> <p>3 -oOo-</p> <p>4</p> <p>5 THE COURT: Good morning, everyone.</p> <p>6 MR. TEW: Good morning, Your Honor.</p> <p>7 MR. McELHINNEY: Good morning.</p> <p>8 THE COURT: This is CV12-02222, Thomas vs.</p> <p>9 MEI-GSR Holdings, Incorporated.</p> <p>10 Let the record reflect that this hearing is</p> <p>11 taking place on May 20th of 2020 at 9 o'clock in the</p> <p>12 morning and is being held remotely because of the closure</p> <p>13 of the courthouse at 75 Court Street in Reno, Washoe</p> <p>14 County, Nevada due to the national and local emergencies</p> <p>15 caused by COVID-19. The Court and all of the</p> <p>16 participants are appearing through simultaneous</p> <p>17 audiovisual transmission.</p> <p>18 I am physically located in Reno, Washoe County,</p> <p>19 Nevada, which is the site of today's court session. The</p> <p>20 other court personnel who are present will identify</p> <p>21 themselves for the record and note what county and state</p> <p>22 they are appearing from.</p> <p>23 Ms. Clerk.</p> <p>24 THE CLERK: My name is Mikki Merkouris, and I</p>
<p style="text-align: right;">Page 4</p> <p>1 am located in Washoe County, Nevada.</p> <p>2 THE COURT: And Ms. Court Reporter.</p> <p>3 THE REPORTER: My name is Peggy Hoogs, and I'm</p> <p>4 located in Washoe County, Nevada.</p> <p>5 THE COURT: Further, the record should reflect</p> <p>6 that this session and all of the hearings for the court</p> <p>7 are open to the public through viewing and listening to</p> <p>8 the proceedings through an audiovisual link found at the</p> <p>9 court's website at washocourts.com, and the Court would</p> <p>10 note there are a number of people viewing the proceedings</p> <p>11 today.</p> <p>12 If at any time anyone who is appearing in a</p> <p>13 case cannot see or hear all of the other participants in</p> <p>14 their own case while it is going on, you must notify the</p> <p>15 Court. I ask all the participants to state their</p> <p>16 physical location as well as their name when they make</p> <p>17 their appearance before the Court today.</p> <p>18 Counsel on behalf of the plaintiffs, can you</p> <p>19 please identify yourselves and inform me where you are</p> <p>20 physically located in a general sense.</p> <p>21 MR. TEW: My name is Jonathan Tew, and I am</p> <p>22 located in Reno, Washoe County.</p> <p>23 THE COURT: Mr. Miller.</p> <p>24 MR. MILLER: Yes. Jarrad Miller appearing on</p>	<p style="text-align: right;">Page 5</p> <p>1 behalf of the plaintiffs, located in Washoe County, Reno,</p> <p>2 Nevada.</p> <p>3 THE COURT: Mr. Miller and Mr. Tew, please</p> <p>4 acknowledge that you've received notice that this hearing</p> <p>5 is taking place pursuant to Nevada Supreme Court Rules</p> <p>6 Part IX relating to simultaneous audiovisual transmission</p> <p>7 in civil proceedings and the Second Judicial District</p> <p>8 Court administrative orders entered in 2020, and please</p> <p>9 inform me if you have any objections to going forward in</p> <p>10 this manner.</p> <p>11 MR. MILLER: Jarrad Miller on behalf of the</p> <p>12 plaintiffs. I am informed and have no objection as to</p> <p>13 proceeding in this manner.</p> <p>14 THE COURT: Thank you.</p> <p>15 On behalf of the defendants, Mr. McElhinney,</p> <p>16 good morning.</p> <p>17 MR. McELHINNEY: Good morning, Your Honor.</p> <p>18 David McElhinney, I am in Reno, Nevada, and I did receive</p> <p>19 notice of the hearing being conducted in this fashion,</p> <p>20 and I have no objection.</p> <p>21 THE COURT: Thank you.</p> <p>22 Additionally, the receiver that has been</p> <p>23 appointed by the Court is present and will very likely be</p> <p>24 offering testimony today.</p>



<p style="text-align: right;">Page 94</p> <p>1 what you want to do. I'll leave the hearing open. So I  2 want you to be able to converse with each other, and I  3 will be back in right at 11:30. I will then turn my  4 speakers back on and turn the microphone and the camera  5 back on, and we'll reconvene, but I want to know what the  6 parties want to do about the other two motion streams.  7 Again, if I bear any responsibility in making  8 this longer than you thought it would be, I don't  9 apologize, but it's just part of the oral argument  10 process because I think the parties -- both of you raised  11 some very good and valid issues regarding the motion  12 practice.  13 So what I will do is be in recess, and,  14 Ms. Clerk, I will come back on at 11:30 sharp, and right  15 now it's 11:13.  16 Mr. McElhinney.  17 MR. McELHINNEY: Your Honor, very quickly, if  18 we wanted to proceed today, how much time would we have?  19 THE COURT: You know, I can go for probably  20 about another hour. If you'll look and see on my  21 calendar, that hearing on the structured settlement --  22 it's not a structured settlement, excuse me, it's a class  23 action hearing -- it's scheduled for 2 o'clock this  24 afternoon. So, you know, you don't have a ton of time,</p>	<p style="text-align: right;">Page 95</p> <p>1 but the issues that the parties are raising regarding the  2 instructions to the receiver are not something that can  3 just be, you know, yes to 13 and 5, no to 2, 4 and 6,  4 then you guys have a stipulation. So I don't want to cut  5 your argument short either. I want to give you the  6 opportunity to discuss them if you can.  7 And by the way, when we do come back,  8 Mr. McElhinney, if there is a stipulation or an agreement  9 regarding one of those instructions to the receiver, we  10 can just put that on the record and get it over with  11 today. That's an easy fix.  12 MR. McELHINNEY: Very well, Your Honor. Thank  13 you.  14 THE COURT: So now it's 11:15 and we will be in  15 recess.  16 (A recess was taken.)  17 THE COURT: We'll go back on the record in  18 CV12-02222. I think I got all the 2s out there. I  19 apologize.  20 The parties are all present again. The record  21 should reflect that we're going back into session at  22 approximately 11:31 a.m.  23 Counsel, what are your thoughts about how you'd  24 like to proceed this morning?</p>
<p style="text-align: right;">Page 96</p> <p>1 MR. McELHINNEY: Your Honor, I think we'd like  2 to use whatever time we have. I would like to put our  3 settlement on the record while we have time if Mr. Miller  4 has no objection, and then I'll get out of his way and  5 let him address his motions.  6 THE COURT: Okay. One moment. Let me just do  7 one thing here. A portion of my computer had shut down  8 so I had to get back into it.  9 Mr. McElhinney, which of the two motion streams  10 regarding instructions for the receiver is there a  11 stipulation on?  12 MR. McELHINNEY: It is the March 16, 2020,  13 motion.  14 THE COURT: Okay. One moment.  15 Mr. Miller, on page 7, has six requests for  16 receiver instruction. What is the stipulation?  17 MR. McELHINNEY: Your Honor, the stipulation  18 goes to the issue of the plaintiffs having paid more into  19 the reserve accounts than the nonplaintiffs and  20 defendants and the request for money being disgorged back  21 to the plaintiffs.  22 We reached an agreement that -- and  23 Mr. Teichner has approved this but wanted us to get court  24 approval out of an abundance of caution -- that my</p>	<p style="text-align: right;">Page 97</p> <p>1 clients will disgorge -- it is a total sum of  2 \$355,554.56, which we propose be paid out of the \$110,000  3 disgorgement overpayment that they've already received,  4 plus we'll pay an additional disgorgement sum of  5 \$245,554.56.  6 This would eliminate the issue of plaintiffs  7 having paid more into the reserves than anyone else and  8 would effectively resolve the issue addressed in -- that  9 particular issue addressed in the March 16, 2020, motion.  10 Mr. Tew got back to me and said that "Your  11 proposal appears to be acceptable," and they requested a  12 payment of the \$245,554.56 to the law firm trust account,  13 and then they say, "We assume that the amount of \$110,000  14 would also be transferred from the reserve account to  15 GSR's account."  16 So, again, we've shared those emails with  17 Mr. Teichner. I would certainly encourage Mr. Teichner  18 to ring in if he thinks I've misstated or, for that  19 matter, Mr. Miller or Mr. Tew to ring in if they think  20 I've misstated the terms of the agreement.  21 THE COURT: And this resolves issue number 4 of  22 the six, which is "Immediately disgorge to plaintiffs any  23 amounts that they have paid in reserves over what the  24 receiver has required the defendants to pay on a per unit</p>

<p style="text-align: right;">Page 98</p> <p>1 basis"; correct?</p> <p>2 MR. McELHINNEY: That is correct.</p> <p>3 It also, I think, resolves plaintiffs' argument</p> <p>4 that plaintiffs have paid more into the reserves than</p> <p>5 defendants or nonplaintiffs. We're leveling the playing</p> <p>6 field for what the parties have paid into reserves.</p> <p>7 It also impacts, I believe -- Mr. Teichner, I</p> <p>8 defer to you -- but the current amount that needs to be</p> <p>9 in the reserve accounts. It lowers that amount from --</p> <p>10 and I'm going to deal with rounds numbers -- from</p> <p>11 12 million down to 10 million.</p> <p>12 THE COURT: Is that an accurate statement of</p> <p>13 the stipulation, Mr. Miller?</p> <p>14 MR. MILLER: Yes, Your Honor. It does resolve</p> <p>15 that issue. It will equalize to where the plaintiffs</p> <p>16 have funded in the same proportion as both the defendants</p> <p>17 and the nonplaintiffs, and it resolves the disgorgement</p> <p>18 issue of that motion.</p> <p>19 THE COURT: And Mr. McElhinney and Mr. Miller,</p> <p>20 is there a time -- I should say is there a date the money</p> <p>21 will be transferred? Mr. McElhinney?</p> <p>22 MR. McELHINNEY: I didn't give a deadline for</p> <p>23 that. I know that when Mr. Tew responded, he said,</p> <p>24 "Please provide immediate payment." However, I had a</p>	<p style="text-align: right;">Page 99</p> <p>1 condition on there that we needed to seek Mr. Teichner's</p> <p>2 approval, and when we talked to Mr. Teichner, he wanted</p> <p>3 us to get court approval as well. So I would ask a</p> <p>4 reasonable period of time. May I have 30 days?</p> <p>5 THE COURT: Any objection to that, Mr. Miller?</p> <p>6 MR. MILLER: That seems like a reasonable</p> <p>7 amount of time, Your Honor.</p> <p>8 THE COURT: Thank you for that consideration.</p> <p>9 Mr. Teichner, do you have any questions about</p> <p>10 the resolution that the plaintiffs and the defendants</p> <p>11 have reached?</p> <p>12 MR. TEICHNER: Your Honor, just a comment to</p> <p>13 clarify why the plaintiffs and the defendants are now on</p> <p>14 the same plan as far as the amounts of the reserves, and</p> <p>15 that's because -- and the reason why I wanted court</p> <p>16 approval is because what it does is retroactively puts</p> <p>17 the plaintiffs on the -- subjects them to the 2016</p> <p>18 reserve study plus updates, the annual updates.</p> <p>19 And initially -- or I should say in one or more</p> <p>20 of the previous hearings that we had, we weren't going to</p> <p>21 go back and do that. And looking at my notes and the</p> <p>22 transcripts, the 2014 reserve study was going to stay in</p> <p>23 place until I decided to make a change. If, in fact,</p> <p>24 they did decide -- and it would be prospective, not</p>
<p style="text-align: right;">Page 100</p> <p>1 retroactive. So since this is retroactive vis-a-vis the</p> <p>2 plaintiffs, that's why I wanted court approval.</p> <p>3 THE COURT: Well, I appreciate your abundance</p> <p>4 of caution as always, Mr. Teichner. It appears to me</p> <p>5 that the parties have reached a settlement of the issue,</p> <p>6 and I believe that the parties should be allowed to do</p> <p>7 that, though as the receiver I understand your desire to</p> <p>8 make sure that things are being done neutrally, but the</p> <p>9 parties in this case have reached that resolution, and</p> <p>10 therefore the Court does find it is appropriate, and so I</p> <p>11 will approve that.</p> <p>12 I don't think there's anything else that I need</p> <p>13 to do, and as Mr. McElhinney asked and Mr. Miller agreed,</p> <p>14 the defendants will have 30 days from the close of</p> <p>15 business today to make that payment, or payments plural.</p> <p>16 Anything else regarding that issue,</p> <p>17 Mr. McElhinney?</p> <p>18 MR. McELHINNEY: Nothing further, Your Honor.</p> <p>19 THE COURT: Thank you.</p> <p>20 I just have to say I understand that these</p> <p>21 issues are contentious between the parties, but I really</p> <p>22 do appreciate the fact that you're able to work out some</p> <p>23 of the issues without court involvement.</p> <p>24 So let's go to the motion practice. As I said</p>	<p style="text-align: right;">Page 101</p> <p>1 earlier, we have two different motion streams. The first</p> <p>2 one was filed on February 21st of 2020.</p> <p>3 Mr. Miller, you're going to be arguing that on</p> <p>4 behalf of the plaintiffs, I believe. What would you like</p> <p>5 to say?</p> <p>6 MR. MILLER: Thank you, Your Honor.</p> <p>7 These units were purchased under the dictates</p> <p>8 of three governing documents: The Unit Rental</p> <p>9 Agreements; the Unit Maintenance Agreements; and the</p> <p>10 CC&amp;Rs. Those documents are inexplicably intertwined, and</p> <p>11 at some point we're going to have to unwind those</p> <p>12 documents when and if the Unit Rental Agreements are</p> <p>13 terminated, but at this point those are the three</p> <p>14 governing documents that control the relationship between</p> <p>15 the parties.</p> <p>16 In purchasing these units new, which most of my</p> <p>17 plaintiffs did purchase them new between 2006 and 2010,</p> <p>18 the plaintiffs were provided with calculations of the</p> <p>19 hotel fees that stemmed from the governing documents.</p> <p>20 Those calculations have been provided to the Court as</p> <p>21 Exhibit 7 to plaintiffs' reply, and they're sample</p> <p>22 calculations. They show what's included, what's not</p> <p>23 included, and those calculations were prepared at a time</p> <p>24 before the defendants acquired the property and started</p>

<p style="text-align: right;">Page 146</p> <p>1 MR. TEICHNER: In all due respect -- with all  2 due respect to both Your Honor and Mr. Miller, this  3 argument is absurd about the emails because the  4 substantive issues are discussed at my meetings. I've  5 had numerous meetings at GSR. Why don't I just record  6 all those meetings? That's where the more substantive  7 stuff is -- the emails are almost inconsequential except  8 the ones where I send, you know, schedules and things  9 that I've done that I think they should participate in as  10 far as -- as far as knowing what's going on, but, you  11 know, the really substantive issues are discussed at GSR  12 at all the meetings I've had, and I've had maybe 25  13 meetings since I've been receiver, maybe more. So that's  14 why this is, I think, a nonissue.  15 Again, I send them, both of them, Mr. Miller  16 and Mr. McElhinney, anything I think is relevant, any  17 schedules. Anything to that extent, I answer the  18 questions when they send me an email. I don't think I  19 have to send every single -- copy them on every single  20 email that I have between GSR. Many of them just have to  21 do with setting up a meeting. Many of them just have to  22 answer some basic questions that I have on some of the  23 things I've done.  24 So, again, the substantive issues are discussed</p>	<p style="text-align: right;">Page 147</p> <p>1 at the meetings that I have with them, or telephone  2 conversations. So, I mean, if they really would want --  3 if Mr. Miller really wants to know everything that's  4 going on, I would need to record everything that I  5 discuss with them via telephone or in person.  6 THE COURT: Well, Mr. Teichner, I appreciate  7 that and the concerns that you've raised. Like I told  8 Mr. Miller, I'm not making a decision right now on  9 anything because it's just kind of an issue that's been  10 raised, and maybe we need to fully brief it or discuss it  11 by way of discovery motion in some way. So I'm not going  12 to rule off the cuff, yes, now Mr. Miller needs to be  13 looped in, as does Mr. McElhinney, on every single email  14 that gets sent from Mr. Teichner to anyone regarding the  15 GSR. I'm just not in a position to do that yet. I guess  16 we'll just wait and see.  17 I'm not suggesting somebody should file a  18 motion. I'm not saying that you can't. I'm just saying  19 there's nothing directly before me now regarding that  20 discovery issue, so I'll just wait to resolve the issue  21 when it arises.  22 Anything else on behalf of the defendants,  23 Mr. McElhinney?  24 MR. McELHINNEY: Nothing further, Your Honor.</p>
<p style="text-align: right;">Page 148</p> <p>1 THE COURT: Thank you. Have a good afternoon,  2 sir.  3 Mr. Miller, on behalf of the plaintiffs,  4 anything else?  5 MR. MILLER: No. Thank you, Your Honor.  6 THE COURT: You and Mr. Teichner and Mr. Tew,  7 have a good afternoon as well. I look forward to seeing  8 everyone at 9 a.m. on June 2nd.  9 Court is in recess.  10 MR. MILLER: Thank you, Your Honor.  11 (Proceedings concluded.)  12  13  14  15  16  17  18  19  20  21  22  23  24</p>	<p style="text-align: right;">Page 149</p> <p>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 22nd day of May, 2020.  21 /s/ Peggy B. Hoogs  22 _____  23 Peggy B. Hoogs, CCR #160, RDR  24</p>

# EXHIBIT “3”

FILED  
Electronically  
CV12-02222  
2021-04-21 04:11:24 PM  
Jacqueline Bryant  
Clerk of the Court  
Transaction # 8406764 : csulezic

# 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.  
\_\_\_\_\_

16

17 TRANSCRIPT OF PROCEEDINGS

18 HEARING ON MOTION TO TERMINATE UNIT RENTAL AGREEMENT AND  
MOTIONS FOR INSTRUCTIONS TO THE RECEIVER

19

DAY 3

20

WEDNESDAY, JUNE 17, 2020

21

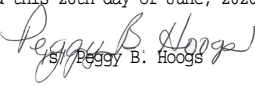
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23 Job Number. 635952

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

<p style="text-align: right;">Page 328</p> <p>1 APPEARANCES:</p> <p>2 For the Plaintiffs: JARRAD C. MILLER, ESQ. JONATHAN J. TEW, ESQ. 3 ROBERTSON, JOHNSON, MILLER &amp; WILLIAMSON 4 50 W. Liberty Street, Suite 600 Reno, Nevada</p> <p>5</p> <p>6 For the Defendants: DAVID C. McELHINNEY, ESQ. LEWIS ROCA ROTHGERBER CHRISTIE 7 One E. Liberty Street, Suite 300 Reno, Nevada</p> <p>8</p> <p>9 Also Present: RICHARD TEICHNER</p> <p>10 11 12 13 14 15 16 17 18 19 20 21 22 23 24</p>	<p style="text-align: right;">Page 329</p> <p>1 -oOo-</p> <p>2 RENO, NEVADA; WEDNESDAY, JUNE 17, 2020; 1:31 P.M.</p> <p>3 -oOo-</p> <p>4 THE COURT: Good afternoon, everyone.</p> <p>5 This is CV12-02222, Thomas vs. GSR.</p> <p>6 Let the record reflect that this hearing is</p> <p>7 taking place on June 17th of 2020 at 1:30 in the</p> <p>8 afternoon and is being held remotely because of the</p> <p>9 closure of the courthouse at 75 Court Street in Reno,</p> <p>10 Washoe County, Nevada, due to the national and local</p> <p>11 emergency caused by the COVID-19 pandemic.</p> <p>12 The Court and all of the participants are</p> <p>13 appearing through simultaneous audiovisual transmission.</p> <p>14 I am physically located in Reno, Washoe County, Nevada,</p> <p>15 which is the site of today's hearing. The other court</p> <p>16 personnel who are present will identify themselves for</p> <p>17 the record and note what county and state they are</p> <p>18 appearing from.</p> <p>19 Ms. Clerk.</p> <p>20 THE CLERK: My name is Mikki Merkouris, and I'm</p> <p>21 appearing from Washoe County, Nevada.</p> <p>22 THE COURT: And Ms. Court Reporter.</p> <p>23 THE REPORTER: Peggy Hoogs, and I'm appearing</p> <p>24 from Washoe County, Nevada.</p>
<p style="text-align: right;">Page 330</p> <p>1 THE COURT: Further, the record should reflect</p> <p>2 that this hearing is open to the public for viewing and</p> <p>3 listening through an audiovisual link found on the</p> <p>4 court's website at www.washoecourts.com.</p> <p>5 If at any time anyone who is appearing in a</p> <p>6 case cannot see or hear all of the other participants in</p> <p>7 their own case while it is going on, you must notify the</p> <p>8 Court.</p> <p>9 Counsel, as I call on each one of you, please</p> <p>10 acknowledge you have received notice that this hearing is</p> <p>11 taking place pursuant to Nevada Supreme Court Rules Part</p> <p>12 IX relating to simultaneous audiovisual transmission in</p> <p>13 civil proceedings and the Second Judicial District Court</p> <p>14 administrative orders entered in 2020 and tell me if you</p> <p>15 have any objection to going forward in this manner.</p> <p>16 On behalf of the plaintiffs, Mr. Miller, good</p> <p>17 afternoon.</p> <p>18 MR. MILLER: Good afternoon, Your Honor. I</p> <p>19 have no objection to proceeding in this manner, and I'm</p> <p>20 located in Washoe County, Nevada.</p> <p>21 THE COURT: And Mr. Tew, also on behalf of the</p> <p>22 plaintiffs, good afternoon to you as well, sir.</p> <p>23 MR. TEW: Good afternoon, Your Honor. I have</p> <p>24 no objection, and I am also located in Washoe County,</p>	<p style="text-align: right;">Page 331</p> <p>1 Nevada.</p> <p>2 THE COURT: On behalf of the defendants,</p> <p>3 Mr. McElhinney, good afternoon.</p> <p>4 MR. McELHINNEY: Good afternoon, Your Honor.</p> <p>5 I'm in Reno, Washoe County, Nevada. I've received</p> <p>6 notice, and I have no objection to proceeding in this</p> <p>7 manner.</p> <p>8 THE COURT: I'll also ask the participants to</p> <p>9 state their physical location as well as their name when</p> <p>10 they make their first appearance testifying or address</p> <p>11 the Court today.</p> <p>12 Present is Mr. Teichner, the Court-appointed</p> <p>13 receiver.</p> <p>14 Mr. Teichner, good afternoon to you as well.</p> <p>15 MR. TEICHNER: Good afternoon, Your Honor, and</p> <p>16 I'm in Washoe County, Nevada.</p> <p>17 THE COURT: Thank you very much for that, sir.</p> <p>18 We are here for a continued hearing regarding</p> <p>19 motions that have been filed. We were last here on</p> <p>20 June 2nd of 2020 and had to continue the proceedings to</p> <p>21 today's date. The Court has already heard oral argument</p> <p>22 regarding the Motion to Terminate the Unit Rental</p> <p>23 Agreement file-stamped October 29th 2019 and fully</p> <p>24 briefed and submitted for consideration on December 23rd</p>

<p style="text-align: right;">Page 412</p> <p>1 to argue those things at this point or to present, I  2 guess -- to question Mr. Teichner about any of those  3 issues that are contained in that March 26th motion  4 stream or can we just come back and do everything on  5 July 9th? I'm just curious.</p> <p>6 MR. MILLER: The other one, as a result of the  7 stipulation we've reached between the parties, should go  8 relatively quickly. There's just a few issues on that,  9 and I do not believe it will require much, if any,  10 involvement from Mr. Teichner.</p> <p>11 THE COURT: I know there's some issues about  12 where the accounts are being held, and I'll just tell you  13 right now, you know, I understand the argument that  14 they're at a bank that's controlled -- that Mr. Meruelo  15 is on the board of, and I don't know what, if anything,  16 to make of that. I don't know why they were moved  17 though --</p> <p>18 MR. McELHINNEY: Your Honor, I'm happy to make  19 a representation.</p> <p>20 THE COURT: Go ahead. We can talk about that  21 on the 9th, but I guess I would put it this way to both  22 Mr. McElhinney and to Mr. Miller. It's one of those  23 things that at first blush you kind of go, huh? That was  24 my reaction, but after I thought about it for a second, I</p>	<p style="text-align: right;">Page 413</p> <p>1 thought, what difference does it make? It's a federally  2 insured banking institution that I don't think  3 Mr. Meruelo, at least to the best of my knowledge, is  4 somehow controlling the funds or controlling the  5 operation of the bank or doing any of those things, nor  6 at least do I know as I sit here right now, does Meruelo  7 have access to those funds or can do anything with them.</p> <p>8 It does make you reflect on Humphrey Bogart in  9 Casablanca when he said at the end, "Out of all the  10 joints in all the cities in all the world, she chose to  11 come into mine." So I mean, I thought about it. Out of  12 all the banks, that's where it went to, but in the big  13 picture does it cause me any great concern? I'll say  14 frankly, no, it doesn't, because it's not like  15 Mr. Meruelo or the GSR have control over these accounts,  16 at least as I understand it. Now, if that were the case,  17 then obviously there would be something the Court would  18 need to address, but just because it is a bank that  19 Mr. Meruelo is, I believe, on the board of, if I remember  20 the motion practice correctly --</p> <p>21 Anyway, what did you want to say or what offer  22 did you want to make regarding that, Mr. McElhinney?</p> <p>23 MR. McELHINNEY: It was moved because of  24 interest rate, Your Honor. It was in Bank of America.</p>
<p style="text-align: right;">Page 414</p> <p>1 It was making a .65 percent interest which has  2 subsequently dropped to zero. It got moved to the  3 California Bank. It was making 1.75 percent. It dropped  4 to 1 percent. So the bank it was in is now making zero  5 percent, the bank it's in now 1 percent, and on the  6 amount of money in there, that's substantial. The  7 interest earnings remain in that account. To use an old  8 phrase, that floats all boats. All unit owners are  9 benefiting from that because as the reserve comes up from  10 interest accrual, it lowers everybody's reserve  11 obligations, so it just makes sense for everybody.</p> <p>12 And again, not meaning to be overly critical,  13 but if plaintiffs had bothered to discuss this with us  14 instead of putting it -- we learned of it for the first  15 time in their motion -- all of this could have been  16 avoided.</p> <p>17 THE COURT: Let's see. Mr. Miller, do you want  18 to just talk about all that stuff on the 9th? I don't  19 think anything is going to change one way or the other.</p> <p>20 MR. MILLER: And I agree the moving of the  21 account was a minor issue. There was a more significant  22 issue in that motion that's been subsequently resolved.  23 The only concern we had was it's going out of the  24 jurisdiction of Nevada, but if the Court is fine with</p>	<p style="text-align: right;">Page 415</p> <p>1 that, obviously we're fine with it.</p> <p>2 THE COURT: All right. Then what we'll do is  3 leave all of the remaining issues for oral argument  4 tentatively on July 9th, and we might as well --  5 Ms. Clerk.</p> <p>6 THE CLERK: Your Honor, I'm sorry. I didn't  7 want to interrupt you. I just talked to Sheila, and she  8 said that we can use July 9th, and just tell me a time  9 that will work and how many hours you think it's going to  10 take.</p> <p>11 THE COURT: Mr. Miller, what do you think?</p> <p>12 MR. MILLER: I sincerely hope it's less than  13 two hours, but that will be a function of what's  14 recovered, I guess.</p> <p>15 THE COURT: Okay. And Mr. McElhinney, what do  16 you think?</p> <p>17 MR. McELHINNEY: I think two hours is  18 realistic. I didn't understand what Mr. Miller meant  19 when he said it depends on what is recovered.</p> <p>20 THE COURT: Well, listen, what I'm going to say  21 is this: Obviously we don't know what will be there. I  22 assume that what Mr. Miller is suggesting is that there  23 might be something more there than is anticipated.</p> <p>24 MR. McELHINNEY: I understand. I'm sorry. I</p>

<p style="text-align: right;">Page 424</p> <p>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 28th day of June, 2020.  21   22 _____  23 Peggy B. Hoogs, CCR #160, RDR  24</p>	<p style="text-align: right;">Page 425</p> <p>1 HEALTH INFORMATION PRIVACY &amp; SECURITY: CAUTIONARY NOTICE  2 Litigation Services is committed to compliance with applicable federal  3 and state laws and regulations ("Privacy Laws") governing the  4 protection and security of patient health information. Notice is  5 hereby given to all parties that transcripts of depositions and legal  6 proceedings, and transcript exhibits, may contain patient health  7 information that is protected from unauthorized access, use and  8 disclosure by Privacy Laws. Litigation Services requires that access,  9 maintenance, use, and disclosure (including but not limited to  10 electronic database maintenance and access, storage, distribution/  11 dissemination and communication) of transcripts/exhibits containing  12 patient information be performed in compliance with Privacy Laws.  13 No transcript or exhibit containing protected patient health  14 information may be further disclosed except as permitted by Privacy  15 Laws. Litigation Services expects that all parties, parties'  16 attorneys, and their HIPAA Business Associates and Subcontractors will  17 make every reasonable effort to protect and secure patient health  18 information, and to comply with applicable Privacy Law mandates,  19 including but not limited to restrictions on access, storage, use, and  20 disclosure (sharing) of transcripts and transcript exhibits, and  21 applying "minimum necessary" standards where appropriate. It is  22 recommended that your office review its policies regarding sharing of  23 transcripts and exhibits - including access, storage, use, and  24 disclosure - for compliance with Privacy Laws.  25 © All Rights Reserved. Litigation Services (rev. 6/1/2019)</p>



# EXHIBIT “4”

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CV12-02222  
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# EXHIBIT “4”

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.

16

17

TRANSCRIPT OF PROCEEDINGS

18 HEARING ON MOTION TO TERMINATE UNIT RENTAL AGREEMENT AND  
MOTIONS FOR INSTRUCTIONS TO THE RECEIVER

19

DAY 4

20

WEDNESDAY, JUNE 17, 2020

21

22

23 Job No. 639941

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

HEARING ON MOTION - DAY 4 - 06/17/2020

<p>Page 426</p> <p>1 APPEARANCES:</p> <p>2 For the Plaintiffs: JARRAD C. MILLER, ESQ. JONATHAN J. TEW, ESQ. 3 ROBERTSON, JOHNSON, MILLER &amp; WILLIAMSON 4 50 W. Liberty Street, Suite 600 Reno, Nevada</p> <p>5</p> <p>6 For the Defendants: DAVID C. McELHINNEY, ESQ. LEWIS ROCA ROTHGERBER CHRISTIE 7 One E. Liberty Street, Suite 300 Reno, Nevada</p> <p>8</p> <p>9 Also Present: RICHARD TEICHNER</p> <p>10 11 12 13 14 15 16 17 18 19 20 21 22 23 24</p>	<p>Page 427</p> <p>1 -oOo-</p> <p>2 RENO, NEVADA; THURSDAY, JULY 9, 2020; 9:00 A.M.</p> <p>3 -oOo-</p> <p>4</p> <p>5 THE COURT: Good morning, everyone.</p> <p>6 Let the record reflect that this hearing is</p> <p>7 taking place on July 9th of 2020 at 9:00 a.m. and is</p> <p>8 being held remotely because of the closure of the</p> <p>9 courthouse at 75 Court Street in Reno, Washoe County,</p> <p>10 Nevada, due to the national and local emergencies caused</p> <p>11 by the COVID-19 pandemic.</p> <p>12 The Court and all of the participants are</p> <p>13 appearing through simultaneous audiovisual transmission.</p> <p>14 I am physically located in Reno, Washoe County, Nevada,</p> <p>15 which is the site of today's hearing. The other court</p> <p>16 personnel who are present will identify themselves for</p> <p>17 the record and note what county and state they are</p> <p>18 appearing from.</p> <p>19 Ms. Court Clerk.</p> <p>20 THE CLERK: My name is Mikki Merkouris, and I'm</p> <p>21 appearing from Washoe County, Nevada.</p> <p>22 THE COURT: And Ms. Court Reporter.</p> <p>23 THE REPORTER: Peggy Hoogs, appearing from</p> <p>24 Washoe County, Nevada.</p>
<p>Page 428</p> <p>1 THE COURT: Further, the record should reflect</p> <p>2 that this hearing is open to the public for viewing and</p> <p>3 listening through an audiovisual link found on the</p> <p>4 court's website at www.washoecourts.com.</p> <p>5 If at any time anyone who is appearing in a</p> <p>6 case cannot see or hear all of the other participants in</p> <p>7 their case while it is going on, you must notify the</p> <p>8 Court.</p> <p>9 Counsel, as I call on each of you, please</p> <p>10 acknowledge you have received notice that this hearing is</p> <p>11 taking place pursuant to Nevada Supreme Court Rules</p> <p>12 Part IX relating to the simultaneous audiovisual</p> <p>13 transmission in civil proceedings and the Second Judicial</p> <p>14 District Court administrative orders entered in 2020 and</p> <p>15 tell me if you have any objection to going forward in</p> <p>16 this manner.</p> <p>17 On behalf of the plaintiffs, Mr. Miller, good</p> <p>18 morning. Nice to see you.</p> <p>19 MR. MILLER: Good morning, Your Honor.</p> <p>20 Jarrad Miller. I'm located in Washoe County,</p> <p>21 Nevada. I have received notice of proceeding in this</p> <p>22 fashion, and I have no objection to it.</p> <p>23 THE COURT: Thank you.</p> <p>24 Also on behalf of the plaintiffs, Mr. Tew, good</p>	<p>Page 429</p> <p>1 morning to you as well, sir.</p> <p>2 MR. TEW: Good morning, Judge.</p> <p>3 I have also received notice. I'm located in</p> <p>4 Washoe County, Nevada, and I have no objection to</p> <p>5 proceeding in this manner.</p> <p>6 THE COURT: Thank you.</p> <p>7 On behalf of the defendants, Mr. McElhinney,</p> <p>8 nice to see you.</p> <p>9 MR. McELHINNEY: Thank you, Your Honor. Nice</p> <p>10 to see you as well.</p> <p>11 David McElhinney. I'm in Washoe County,</p> <p>12 Nevada. I did receive notice. I have no objection to</p> <p>13 proceeding in this manner.</p> <p>14 THE COURT: And finally, Mr. Teichner, the</p> <p>15 receiver, is present as well.</p> <p>16 Good morning, Mr. Teichner.</p> <p>17 MR. TEICHNER: Good morning, Judge. Richard</p> <p>18 Teichner, Washoe County, Nevada.</p> <p>19 THE COURT: And thank you for being here this</p> <p>20 morning.</p> <p>21 We're here to have oral argument on three</p> <p>22 motion streams that have been fully briefed and we've had</p> <p>23 oral argument. This will be the closing argument portion</p> <p>24 of them. I'm not going to put on the record everything</p>

HEARING ON MOTION - DAY 4 - 06/17/2020

<p style="text-align: right;">Page 526</p> <p>1 Similarly, without discussing whether or not</p> <p>2 Mr. Proctor [sic] should remain as the receiver in this</p> <p>3 case, have the parties resolved that issue?</p> <p>4 MR. McELHINNEY: Your Honor, you misspoke. You</p> <p>5 said Mr. Proctor remaining as the receiver.</p> <p>6 THE COURT: I said Mr. Proctor. I apologize.</p> <p>7 I was wondering. I saw you smile there, Mr. Miller, and</p> <p>8 I wasn't quite sure why. So thank you.</p> <p>9 So Mr. Teichner. But other than Mr. Teichner</p> <p>10 remaining as the receiver, have the parties resolved</p> <p>11 bullet point number 2?</p> <p>12 MR. MILLER: Yes, Your Honor.</p> <p>13 THE COURT: Regarding number 3, "Include the</p> <p>14 actual account balances and calculations each month in</p> <p>15 his receiver report."</p> <p>16 Has Mr. Teichner begun to do that?</p> <p>17 MR. MILLER: It didn't occur in this report,</p> <p>18 but he provided it subsequently thereafter, so that</p> <p>19 issue, I believe, is resolved.</p> <p>20 MR. McELHINNEY: Your Honor --</p> <p>21 THE COURT: So Mr. Teichner, whoever the</p> <p>22 receiver is --</p> <p>23 Mr. McElhinney, I'm sorry. I interrupted you.</p> <p>24 Go ahead.</p>	<p style="text-align: right;">Page 527</p> <p>1 MR. McELHINNEY: Our only request on that is it</p> <p>2 be done quarterly. Doing it monthly is going to create</p> <p>3 inherent inaccuracies because sometimes people don't send</p> <p>4 the reserve payment in until late and it doesn't get</p> <p>5 picked up on the monthly report. So we would simply ask,</p> <p>6 is quarterly acceptable to plaintiffs?</p> <p>7 MR. MILLER: Yes, Your Honor.</p> <p>8 THE COURT: I would see how that could be</p> <p>9 somewhat difficult.</p> <p>10 Mr. Miller, do you have any objection to</p> <p>11 changing that to quarterly instead of monthly?</p> <p>12 MR. MILLER: I have no objection to that as</p> <p>13 long as it's a full report that has the balances, yeah.</p> <p>14 THE COURT: So regarding bullet point number 3,</p> <p>15 the Court will note that the parties have agreed that the</p> <p>16 receiver will include the actual balances and</p> <p>17 calculations for those reserve accounts quarterly.</p> <p>18 Let's see. Number 4, I think the parties have</p> <p>19 already resolved, which is "Immediately disgorge to</p> <p>20 plaintiffs any amounts that they have paid in reserves</p> <p>21 over what the receiver has required the defendant to pay</p> <p>22 on a per-unit basis."</p> <p>23 You just addressed that, correct, Mr. Miller?</p> <p>24 MR. MILLER: Yes. That's resolved.</p>
<p style="text-align: right;">Page 528</p> <p>1 THE COURT: And then I remember in our last</p> <p>2 oral argument we discussed the fact that the accounts had</p> <p>3 been moved to a bank in the state of California that</p> <p>4 Mr. Meruelo, the owner of the GSR, had an interest in</p> <p>5 founding and is on the board, if I remember correctly,</p> <p>6 but I think, Mr. Miller, you indicated you don't have any</p> <p>7 additional concerns about that?</p> <p>8 MR. MILLER: I don't think it's proper, but</p> <p>9 I'll rest on the briefing. It is what it is.</p> <p>10 THE COURT: And Mr. McElhinney pointed out that</p> <p>11 the benefit to everyone, including the plaintiffs, is</p> <p>12 that those reserve accounts at the identified bank</p> <p>13 actually earn a higher interest rate, which is my</p> <p>14 recollection.</p> <p>15 Isn't that what you said, Mr. McElhinney?</p> <p>16 MR. McELHINNEY: Yes, Your Honor.</p> <p>17 THE COURT: I believe you used the phrase "The</p> <p>18 rising tide raises all boats" or something to that</p> <p>19 effect. So as I noted last time, it's an FDIC lending</p> <p>20 institution. I can't imagine that Mr. Meruelo has any</p> <p>21 ability to manipulate or to do anything with those</p> <p>22 accounts at that bank, and so I don't see that there's</p> <p>23 anything inappropriate about it being there nor do I</p> <p>24 think that the account itself has to be -- excuse me --</p>	<p style="text-align: right;">Page 529</p> <p>1 the bank itself has to be located in the state of Nevada.</p> <p>2 If, in fact, the interest rate is higher and everybody</p> <p>3 gets a little bit more money at the bank where they are</p> <p>4 now, I don't see anything inappropriate about that or the</p> <p>5 fact that Mr. Meruelo may be on the board or may have had</p> <p>6 some role in the founding of the bank itself.</p> <p>7 Remind me again, Mr. McElhinney, is it</p> <p>8 something Commercial Bank? I apologize for forgetting</p> <p>9 off the top of my head.</p> <p>10 MR. McELHINNEY: It is. It's Commercial Bank</p> <p>11 of California.</p> <p>12 THE COURT: Thank you.</p> <p>13 So regarding number 5, the Court doesn't see</p> <p>14 anything inappropriate about where the funds in the</p> <p>15 reserve accounts are currently located, and so the Court</p> <p>16 will not take any action regarding that.</p> <p>17 And then finally, number 6, "Take over the</p> <p>18 actual reserve accounts and monthly collections to ensure</p> <p>19 timely funding of the reserves in compliance with the</p> <p>20 governing documents."</p> <p>21 Have the parties worked that issue out as well,</p> <p>22 Mr. Miller?</p> <p>23 MR. MILLER: I believe so, Your Honor.</p> <p>24 THE COURT: Do you agree with that,</p>

HEARING ON MOTION - DAY 4 - 06/17/2020

<p>Page 530</p> <p>1 Mr. McElhinney?</p> <p>2 MR. McELHINNEY: I do, Your Honor.</p> <p>3 THE COURT: So to make it as simple as</p> <p>4 possible, regarding the March 16, 2020, file-stamped</p> <p>5 Plaintiffs' Motion for Instructions to the Receiver, the</p> <p>6 Court would note that the parties have resolved five out</p> <p>7 of the six identified issues.</p> <p>8 The only issue that was not resolved by the</p> <p>9 parties is the location of the accounts themselves. The</p> <p>10 Court finds nothing inappropriate about the location of</p> <p>11 the accounts or the fact that Mr. Meruelo may have some</p> <p>12 involvement in the founding or in the bank itself, being</p> <p>13 on the board of directors, and therefore the Court will</p> <p>14 take no further action regarding the Plaintiffs' Motions</p> <p>15 for Instructions to the Receiver, and that motion stream</p> <p>16 will not be the subject of any written order issued by</p> <p>17 the Court.</p> <p>18 Any objection to that, Mr. Miller?</p> <p>19 MR. MILLER: No, Your Honor.</p> <p>20 THE COURT: Any objection to that,</p> <p>21 Mr. McElhinney?</p> <p>22 MR. McELHINNEY: No objection, Your Honor.</p> <p>23 There are two additional issues that the plaintiffs</p> <p>24 raised, however, that I'd like to have a ruling on.</p>	<p>Page 531</p> <p>1 THE COURT: Regarding what, Mr. Teichner</p> <p>2 remaining as the --</p> <p>3 MR. McELHINNEY: No, sir.</p> <p>4 THE COURT: Go ahead. What are the other two</p> <p>5 issues?</p> <p>6 MR. McELHINNEY: In their motion, their</p> <p>7 March 16, 2020, motion, page 6, they ask that the Court</p> <p>8 instruct that "Mr. Teichner take control of all bank</p> <p>9 accounts from the defendants that hold funds for condo</p> <p>10 maintenance, reserves and rental revenue and create new</p> <p>11 accounts so the receiver can implement the terms of this</p> <p>12 Court's orders concerning the funding of the reserve</p> <p>13 accounts and disgorgement of payments to plaintiff."</p> <p>14 THE COURT: Let me go back. I'm on page 6. I</p> <p>15 see, it's at the bottom. Okay. Gotcha.</p> <p>16 MR. McELHINNEY: And then there's one more,</p> <p>17 which is in their reply, their April 17, 2020, reply,</p> <p>18 page 10, line 7 through 8, "Order the receiver to stop</p> <p>19 all ex parte direct communications with the defendants to</p> <p>20 prevent further manipulation." Page 10, line 7 --</p> <p>21 THE COURT: I'm with you. It's on page 10,</p> <p>22 line 7 to 8.</p> <p>23 Well, regarding the ex parte communication, the</p> <p>24 Court, based on what I've seen and heard throughout the</p>
<p>Page 532</p> <p>1 course of these three days, does find that it would be</p> <p>2 appropriate that Mr. Miller and Mr. Tew and</p> <p>3 Mr. McElhinney be cc'd on the interactions between</p> <p>4 Mr. Teichner and his associates and the GSR.</p> <p>5 Now, I would note that if it becomes burdensome</p> <p>6 or if an issue develops as a result of that, then the</p> <p>7 Court would be willing to reconsider that issue or --</p> <p>8 excuse me -- that ruling. What I mean by "more</p> <p>9 burdensome" is that I do recall Mr. Teichner at one point</p> <p>10 arguing, either during an oral argument or possibly in</p> <p>11 his written response to the request for instructions to</p> <p>12 the receiver, a concern that Mr. Miller or Mr. Tew would</p> <p>13 start to take issue with everything that he did, and I</p> <p>14 don't mean to be dismissive, but would start to nitpick</p> <p>15 all of his decisions and his analysis and offer their</p> <p>16 opinions.</p> <p>17 I don't believe, for Mr. Miller and Mr. Tew and</p> <p>18 Mr. McElhinney's benefit, that the purpose of providing</p> <p>19 you the notice is to have you weigh in on the decision.</p> <p>20 It's just to be transparent into what those</p> <p>21 decision-making processes are, and then if an issue comes</p> <p>22 up, you can bring it to the Court's attention, but it's</p> <p>23 not for anybody, any of the attorneys to start</p> <p>24 interacting needlessly with Mr. Teichner.</p>	<p>Page 533</p> <p>1 If there's an issue with something that</p> <p>2 Mr. Teichner has done, then ultimately it needs to be</p> <p>3 addressed to the Court, not to Mr. Teichner. But at this</p> <p>4 point I don't see anything inappropriate about including</p> <p>5 Mr. McElhinney, Mr. Miller and Mr. Tew in the cc line to</p> <p>6 any interaction that Mr. Teichner has with the GSR. It</p> <p>7 will just avoid the issues that have come up during these</p> <p>8 proceedings, which, as Mr. Miller has identified, were</p> <p>9 that there was some additional information that, if it</p> <p>10 was available earlier, may have eliminated at least some</p> <p>11 of the time that we've spent resolving these issues.</p> <p>12 So regarding that bullet point number 8, the</p> <p>13 Court will direct that Mr. Miller, Mr. McElhinney and</p> <p>14 Mr. Tew be copied on interactions between Mr. Teichner</p> <p>15 and the defendants. I will not say that it's to, quote,</p> <p>16 "prevent future manipulation," which is what is</p> <p>17 identified by Mr. Miller. I would suggest that it's just</p> <p>18 more for transparency and to avoid any questions about</p> <p>19 what is going on as we move forward.</p> <p>20 MR. McELHINNEY: Your Honor, is that restricted</p> <p>21 to email communications? I mean, the vast majority of</p> <p>22 their communications are face to face.</p> <p>23 THE COURT: I understand that, and Mr. Teichner</p> <p>24 has made that abundantly clear, that the overwhelming</p>

<p style="text-align: right;">Page 526</p> <p>1 Similarly, without discussing whether or not</p> <p>2 Mr. Proctor [sic] should remain as the receiver in this</p> <p>3 case, have the parties resolved that issue?</p> <p>4 MR. McELHINNEY: Your Honor, you misspoke. You</p> <p>5 said Mr. Proctor remaining as the receiver.</p> <p>6 THE COURT: I said Mr. Proctor. I apologize.</p> <p>7 I was wondering. I saw you smile there, Mr. Miller, and</p> <p>8 I wasn't quite sure why. So thank you.</p> <p>9 So Mr. Teichner. But other than Mr. Teichner</p> <p>10 remaining as the receiver, have the parties resolved</p> <p>11 bullet point number 2?</p> <p>12 MR. MILLER: Yes, Your Honor.</p> <p>13 THE COURT: Regarding number 3, "Include the</p> <p>14 actual account balances and calculations each month in</p> <p>15 his receiver report."</p> <p>16 Has Mr. Teichner begun to do that?</p> <p>17 MR. MILLER: It didn't occur in this report,</p> <p>18 but he provided it subsequently thereafter, so that</p> <p>19 issue, I believe, is resolved.</p> <p>20 MR. McELHINNEY: Your Honor --</p> <p>21 THE COURT: So Mr. Teichner, whoever the</p> <p>22 receiver is --</p> <p>23 Mr. McElhinney, I'm sorry. I interrupted you.</p> <p>24 Go ahead.</p>	<p style="text-align: right;">Page 527</p> <p>1 MR. McELHINNEY: Our only request on that is it</p> <p>2 be done quarterly. Doing it monthly is going to create</p> <p>3 inherent inaccuracies because sometimes people don't send</p> <p>4 the reserve payment in until late and it doesn't get</p> <p>5 picked up on the monthly report. So we would simply ask,</p> <p>6 is quarterly acceptable to plaintiffs?</p> <p>7 MR. MILLER: Yes, Your Honor.</p> <p>8 THE COURT: I would see how that could be</p> <p>9 somewhat difficult.</p> <p>10 Mr. Miller, do you have any objection to</p> <p>11 changing that to quarterly instead of monthly?</p> <p>12 MR. MILLER: I have no objection to that as</p> <p>13 long as it's a full report that has the balances, yeah.</p> <p>14 THE COURT: So regarding bullet point number 3,</p> <p>15 the Court will note that the parties have agreed that the</p> <p>16 receiver will include the actual balances and</p> <p>17 calculations for those reserve accounts quarterly.</p> <p>18 Let's see. Number 4, I think the parties have</p> <p>19 already resolved, which is "Immediately disgorge to</p> <p>20 plaintiffs any amounts that they have paid in reserves</p> <p>21 over what the receiver has required the defendant to pay</p> <p>22 on a per-unit basis."</p> <p>23 You just addressed that, correct, Mr. Miller?</p> <p>24 MR. MILLER: Yes. That's resolved.</p>
<p style="text-align: right;">Page 528</p> <p>1 THE COURT: And then I remember in our last</p> <p>2 oral argument we discussed the fact that the accounts had</p> <p>3 been moved to a bank in the state of California that</p> <p>4 Mr. Meruelo, the owner of the GSR, had an interest in</p> <p>5 founding and is on the board, if I remember correctly,</p> <p>6 but I think, Mr. Miller, you indicated you don't have any</p> <p>7 additional concerns about that?</p> <p>8 MR. MILLER: I don't think it's proper, but</p> <p>9 I'll rest on the briefing. It is what it is.</p> <p>10 THE COURT: And Mr. McElhinney pointed out that</p> <p>11 the benefit to everyone, including the plaintiffs, is</p> <p>12 that those reserve accounts at the identified bank</p> <p>13 actually earn a higher interest rate, which is my</p> <p>14 recollection.</p> <p>15 Isn't that what you said, Mr. McElhinney?</p> <p>16 MR. McELHINNEY: Yes, Your Honor.</p> <p>17 THE COURT: I believe you used the phrase "The</p> <p>18 rising tide raises all boats" or something to that</p> <p>19 effect. So as I noted last time, it's an FDIC lending</p> <p>20 institution. I can't imagine that Mr. Meruelo has any</p> <p>21 ability to manipulate or to do anything with those</p> <p>22 accounts at that bank, and so I don't see that there's</p> <p>23 anything inappropriate about it being there nor do I</p> <p>24 think that the account itself has to be -- excuse me --</p>	<p style="text-align: right;">Page 529</p> <p>1 the bank itself has to be located in the state of Nevada.</p> <p>2 If, in fact, the interest rate is higher and everybody</p> <p>3 gets a little bit more money at the bank where they are</p> <p>4 now, I don't see anything inappropriate about that or the</p> <p>5 fact that Mr. Meruelo may be on the board or may have had</p> <p>6 some role in the founding of the bank itself.</p> <p>7 Remind me again, Mr. McElhinney, is it</p> <p>8 something Commercial Bank? I apologize for forgetting</p> <p>9 off the top of my head.</p> <p>10 MR. McELHINNEY: It is. It's Commercial Bank</p> <p>11 of California.</p> <p>12 THE COURT: Thank you.</p> <p>13 So regarding number 5, the Court doesn't see</p> <p>14 anything inappropriate about where the funds in the</p> <p>15 reserve accounts are currently located, and so the Court</p> <p>16 will not take any action regarding that.</p> <p>17 And then finally, number 6, "Take over the</p> <p>18 actual reserve accounts and monthly collections to ensure</p> <p>19 timely funding of the reserves in compliance with the</p> <p>20 governing documents."</p> <p>21 Have the parties worked that issue out as well,</p> <p>22 Mr. Miller?</p> <p>23 MR. MILLER: I believe so, Your Honor.</p> <p>24 THE COURT: Do you agree with that,</p>

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<p style="text-align: right;">Page 534</p> <p>1 majority of his interaction with representatives of the 2 GSR is either in a face-to-face or a telephonic contact. 3 And so, no, you don't need to have a conference call, you 4 don't need to set up a meeting. I don't think that's the 5 purpose. It's just on those things that are exchanged 6 between Mr. Teichner and the defendants, then everybody 7 gets to see what that exchange is or what's being 8 requested. However, I don't think that that extends to 9 having, as I said, a conference call every time 10 Mr. Teichner wants to talk to someone at the GSR about 11 something. He doesn't have to set up a meeting and loop 12 in Mr. McElhinney and Mr. Miller or Mr. Tew or both and 13 try and coordinate everybody's schedule to ask about, you 14 know, why we're spending more money on toilet paper this 15 month than we did last month, to use just an 16 off-the-top-of-my-head thought about what maybe they 17 would be discussing. 18 So, no, I don't think that's necessary, 19 Mr. McElhinney, that it's anything beyond written 20 communications between the parties. 21 MR. McELHINNEY: Thank you. 22 THE COURT: Let's see. We've already resolved 23 number 7. 24 So you're talking about number 6, take over the</p>	<p style="text-align: right;">Page 535</p> <p>1 actual reserve accounts. We've already done that, 2 Mr. McElhinney, so have we resolved everything, then? 3 MR. McELHINNEY: Your Honor, again, unless I've 4 misread it, it's the motion, page 6, lines 20 through 24. 5 They're talking about taking control of all bank 6 accounts. 7 THE COURT: No, no, no. Mr. Teichner doesn't 8 have control over all of the bank accounts. I think he 9 would have control over the reserve accounts, the 10 collecting of those accounts, where they're located, 11 but -- I'm just trying to think how -- let me go back to 12 page 6 of the motion. Correct? 13 MR. McELHINNEY: Yes, sir. 14 THE COURT: Mr. Miller, I don't see a reason to 15 create new accounts at this point, which is request 16 number 2 on page 6. 17 MR. MILLER: Your Honor, if we get accurate 18 reporting that fully discloses what's in the accounts and 19 what the collections are, which is what we received after 20 the motion was filed, if those continue, then this stuff 21 isn't necessary. 22 I just need to be able to check to verify that 23 things are what they're supposed to be and not have six 24 months go by where all of a sudden I get the information</p>
<p style="text-align: right;">Page 536</p> <p>1 and realize, hey, you've been charging us 21 percent more 2 than everybody else. 3 THE COURT: Gotcha. So I think that issue has 4 been resolved. If it comes back again in the future, we 5 can certainly resolve it, and hopefully it won't take us 6 months to get that issue taken care of, but it sounds 7 like the parties have worked through that as well. 8 So, again, the Court would note that all of the 9 issues regarding the March 16, 2020, motion have been 10 resolved by the parties with the Court resolving the one 11 outstanding issue that was identified. One moment. I 12 should say the two issues. The first one is where the 13 funds are located, and the second one is the ex parte 14 communications between Mr. Teichner and the defendants. 15 So no written orders will be required as a result of 16 that. 17 Any objection to that now that we've clarified 18 those issues, Mr. McElhinney? 19 MR. McELHINNEY: No objection, Your Honor. 20 THE COURT: And Mr. Miller? 21 MR. MILLER: No objection, Your Honor. 22 THE COURT: Okay. So let's see. It's 12:15. 23 As I told the parties, we're just going to keep working, 24 and so we will now hear from Mr. McElhinney. Just give</p>	<p style="text-align: right;">Page 537</p> <p>1 me one second. I actually need to open the blinds a 2 little bit because it's getting dark in here. Hold on. 3 Mr. McElhinney, in opposition or at least in 4 response -- I'm not even quite sure if it's opposition 5 given the fact that it's instructions to the receiver, 6 but what would you like to say about the motion? 7 MR. McELHINNEY: Your Honor, I think I want to 8 start out with just sort of the -- I don't know how to 9 articulate this. Mr. Teichner is not represented by 10 counsel. I do not have the ability nor have I attempted 11 to contact Mr. Teichner to help him prepare testimony, 12 and it's somewhat analogous, I think, to an attorney 13 facing a pro per. You can rip him to shreds because they 14 are not attorneys. There are inconsistencies in their 15 testimony, and I think if we analyze those 16 inconsistencies as clever litigators, we can try and cast 17 aspersions upon that individual, suggesting that they are 18 altering their testimony to cover something up. 19 I have absolutely no reason to believe that 20 Mr. Teichner has engaged in willful deviation from 21 governing documents, and I think it bears repeating. 22 What are the factual allegations the plaintiffs have made 23 in their effort to remove Mr. Teichner as a receiver? 24 They suggest that Mr. Teichner willfully deviated from</p>



HEARING ON MOTION - DAY 4 - 06/17/2020

<p>Page 574</p> <p>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 30th day of July, 2020.  21  22 /s/ Peggy B. Hoogs  23  24 Peggy B. Hoogs, CCR #160, RDR</p>	<p>Page 575</p> <p>1 HEALTH INFORMATION PRIVACY &amp; SECURITY: CAUTIONARY NOTICE  2 Litigation Services is committed to compliance with applicable federal  3 and state laws and regulations ("Privacy Laws") governing the  4 protection and security of patient health information. Notice is  5 hereby given to all parties that transcripts of depositions and legal  6 proceedings, and transcript exhibits, may contain patient health  7 information that is protected from unauthorized access, use and  8 disclosure by Privacy Laws. Litigation Services requires that access,  9 maintenance, use, and disclosure (including but not limited to  10 electronic database maintenance and access, storage, distribution/  11 dissemination and communication) of transcripts/exhibits containing  12 patient information be performed in compliance with Privacy Laws.  13 No transcript or exhibit containing protected patient health  14 information may be further disclosed except as permitted by Privacy  15 Laws. Litigation Services expects that all parties, parties'  16 attorneys, and their HIPAA Business Associates and Subcontractors will  17 make every reasonable effort to protect and secure patient health  18 information, and to comply with applicable Privacy Law mandates,  19 including but not limited to restrictions on access, storage, use, and  20 disclosure (sharing) of transcripts and transcript exhibits, and  21 applying "minimum necessary" standards where appropriate. It is  22 recommended that your office review its policies regarding sharing of  23 transcripts and exhibits - including access, storage, use, and  24 disclosure - for compliance with Privacy Laws.  25 © All Rights Reserved. Litigation Services (rev. 6/1/2019)</p>
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*Attorneys for Defendants*

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

ALBERT THOMAS, et. al.,

Plaintiffs,

v.

MEI-GSR HOLDINGS, LLC., a Nevada  
Limited Liability Company, AM-GSR  
Holdings, LLC., a Nevada Limited Liability  
Company, GRAND SIERRA RESORT UNIT  
OWNERS' ASSOCIATION, a Nevada  
Nonprofit Corporation, GAGE VILLAGE  
COMMERCIAL DEVELOPMENT, LLC., a  
Nevada Limited Liability Company, and DOES  
I-X inclusive,

Defendants.

Case No. CV12-02222

Dept No. OJ37

**DEFENDANTS' MOTION FOR INSTRUCTIONS REGARDING REIMBURSEMENT OF  
2020 CAPITAL EXPENDITURES**

Defendants MEI-GSR HOLDINGS, LLC ("MEI-GSR"), AM-GSR Holdings, LLC,  
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, Motion for Instructions to Receiver  
Regarding Reimbursement of 2020 Capital Expenditures. Defendants' Motion is supported by the

1 following memorandum of points and authorities, the papers and pleadings on file herein, and any  
2 oral argument the Court will entertain.

3 **MEMORANDUM OF POINTS AND AUTHORITIES**

4 **I. INTRODUCTION**

5 Defendants have made substantial upgrades and improvements to the GSR property  
6 (“Property”) over the last year, spending more than \$9 million of their own funds during the year  
7 2020 in the process. The CC&Rs allow for Unit-Owners’ allocated capital expenditures to be drawn  
8 out of the Property’s reserve accounts. The percent of capital allocation is currently 13.79% for  
9 Common Area expenditures and 33.58% for Hotel Related expenditures based on the most recent  
10 Reserve Study. The CC&Rs further allow for a separate or special assessment to be imposed on all  
11 Unit-Owners to return the reserve balances to the required levels consistent with an independent  
12 Reserve Study. Accordingly, the allocated amount of \$1,614,505 should be charged against the  
13 reserve accounts and a special assessment should be permitted to all Unit-Owners to the extent  
14 necessary to ensure maintenance of the appropriate level of reserves as required under the 2020  
15 Reserve Study. Defendants request that the Court issue instructions to the Receiver to permit the  
16 same.

17 **II. FACTUAL BACKGROUND**

18 **A. CC&Rs**

19 The CC&Rs provide for the creation of reserves for Common Elements and Hotel Expenses.  
20 *See* Seventh Amendment to Condominium Declaration of Covenants, Conditions, Restrictions and  
21 Reservations of Easements for Hotel-Condominiums Grand Sierra Resort (“CC&Rs”), at §§ 6.2  
22 and 6.10, attached in pertinent part as Exhibit 1.

23 **1. Capital Reserve**

24 The Capital Reserve is a special reserve account “used solely for the repair, replacement  
25 and restoration of the major components of the Common Elements.” *Id.* at § 6.2. Expenditures for  
26 these items, which “may become necessary during the year shall be charged first against the Capital  
27

Reserve.” *Id.* Section 6.2 of the CC&Rs provides for a special or separate assessment for the Unit Owner’s proportionate share of Common Expenses:

...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...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...

*Id.* (emphasis added).

## **2. Hotel Reserve**

The CC&Rs further provide for the creation of the Hotel Reserve to be used solely “for making capital expenditures and paying for the costs of deferred maintenance” in connection with certain hotel components. *Id.* at § 6.10(b). The primary purpose of the Hotel Reserve is to reserve “funds for a portion of the costs of the periodic repair, replacement, refurbishment, enhancement and update” of certain components “as may be performed from time to time in the sole and absolute discretion of the Owner of the Declarant” including walls, stucco, paint finishes and repairs, window replacements, elevator cab finishes, boilers, and floor coverings. *Id.* at Ex. E. “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.” *Id.* at § 6.10 (b).

Section 6.10(b) of the CC&Rs provides for a special or separate assessment for the Unit Owner’s proportionate share of Hotel Expenses:

...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 the 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...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.

*Id.* (emphasis added).

**B. Capital Expenditures and Reserve Studies**

From January 1, 2020 through December 31, 2020, Defendants spent over \$9,345,649 in capital expenditures to the Property. *See* 2020 Capital Expenditure Worksheet, attached as Exhibit

2. The expenditures were made to substantially improve the Property including upgrades to the lobby and additions to the pool. *See id.*

An itemized list of the expenditures including when the improvement was made and the cost of the improvement is set forth in Exhibit 2. *See id.* To prepare the list of expenditures, GSR downloaded from BNA (property fixed asset system) all capital expenditures for January 1, 2020 through December 31, 2020. From that list and based on the notes from the 2020 Reserve Study from Better Reserve Consultants, GSR captured only capital expenditures that fell within the limits set by the Reserve Study to be funded by the Reserve Accounts. *See* R. Brady Decl., ¶ 3 attached as Exhibit 3.

The 2017 Reserve Study and subsequent annual reviews provide that “[t]he 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.” *See* 2017 Better Reserve Consultants Reserve Study, at p. 4, attached as Exhibit 4; *see also* 2020 Annual Review Without Site Visit – Common Area, at p. 4, attached as Exhibit 5. The Reserve Study explains the “Hotel Related Components include the Elevators, Escalators, Fitness Center, Hallways, Lobby and Pool Area.” *See* Ex. 4 at p. 4; *see also* 2020 Annual Review Without Site Visit – Hotel Related, at p. 4, attached as Exhibit 6. All of the expenditures identified in Exhibit 2 are identified in the Reserve Study as elements of either the Common Area or Hotel Related Components to be allocated to the Capital Reserve and Hotel Reserve respectively.

As indicated on Exhibit 2, the percent of capital allocation based on the most recent Reserve Study is 13.79% for Common Area expenditures and 33.58% for Hotel Related expenditures. This percentage is based upon the square footage relationship of the Plaintiffs, Defendants and Non-Plaintiff-owned Units to the Common Area and to the Hotel area. Based upon this allocation, a total of \$1,409,637 in Common Area capital expenditures and a total of \$204,868 in Hotel Related

capital expenditures may be charged to the respective reserve accounts for a grand total of \$1,614,505.

### III. LEGAL ARGUMENT

#### A. Defendants Should Be Reimbursed For Capital Expenditures Made to Improve the Property

As set forth in the CC&Rs, the Capital Reserve and Hotel Reserve were created solely for capital expenditures—the repair, replacement, restoration and enhancement of major components of the Common Elements or certain hotel components. *See* CC&Rs at §§ 6.2, 6.9(a), and 6.10(b). Expenditures for these items which may become necessary during the year shall be charged first against the appropriate reserve account. *See id.* The CC&Rs further permit a separate or special assessment to all Unit-Owners for their proportionate share of the expenditures and/or to maintain the level required by an independent Reserve Study. *See id.*

Here, Defendants spent over \$9 million of their own funds to improve the Property in 2020. Based upon the square footage of the Units, approximately \$1,614,505 should be allocated and drawn out of the reserves as permitted by the Governing Documents. *See Carcione v. Clark*, 96 Nev. 808, 811, 618 P.2d 346, 348 (1980) (“Equity regards as done what in good conscience ought to be done.”) Importantly, the Receiver, pursuant to the Order Appointing Receiver was appointed “for the purpose of implementing compliance among all condominium units, including units owned by any Defendant in this action...with the [CC&Rs] recorded against the condominium units, the Unit Maintenance Agreements and the original Unit Rental Agreements (“Governing Documents”).” *See* January 7, 2015, Order Appointing Receiver, at pp. 1:27-2:3. That order charges the Receiver “with accounting for all income and expenses associated with compliance with the Governing Documents...until discharged.” *Id.* at p. 2:4-6. Accordingly, Defendants ask the Court to instruct the Receiver to reimburse Defendants a total of \$1,614,505 out of the reserves, specifically \$1,409,637 out of the Capital Reserves for Common Area expenses and \$204,868 out of the Hotel Reserves for Hotel Related expenses. In addition, Defendants ask the Court to instruct

the Receiver to impose a separate or special assessment on all Unit Owners, including Plaintiffs, Defendants and non-Plaintiffs, to the extent necessary to bring the reserve accounts back up to the required levels pursuant to the CC&Rs. An updated reserve study for 2021 is in the process of being conducted on the Property this year which can be used to calculate this special assessment. The 2021 Reserve Study will be completed and provided to Unit Owners in July 2021 pursuant to the Governing Documents.

#### **IV. CONCLUSION**

For these reasons, Defendants request the Court instruct the Receiver to allow Defendants to draw \$1,614,505 out of the Capital Reserves and Hotel Reserves for the cost of capital expenditures to the Property and impose a special assessment on all Unit-Owners to maintain the reserves at the appropriate levels consistent with an independent Reserve Study.

#### **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 24th day of June, 2021.

**LEWIS ROCA ROTHGERBER CHRISTIE LLP**

By: /s/ David C. McElhinney

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Reno, Nevada 89501  
*Attorneys for Defendants*



**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 24th day of June, 2021, I served a true and correct copy of the foregoing **DEFENDANTS' MOTION FOR INSTRUCTIONS TO RECEIVER REGARDING 2020 CAPITAL EXPENDITURES** to the parties listed below, via electronic service through the Second Judicial District Court's eFlex Electronic Filing system.

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*Attorneys for Receiver Richard M. Teichner*

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

Dated this 24th day of June 2021.

/s/ Dawn M. Hayes  
An Employee of Lewis Roca Rothgerber Christie LLP

**EXHIBIT INDEX**

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# EXHIBIT "1"

FILED  
Electronically  
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2021-06-24 04:00:26 PM  
Alicia L. Lerud  
Clerk of the Court  
Transaction # 8512530 : yvitoria

# EXHIBIT "1"

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GRAND SIERRA RESORT  
Washoe County Recorder  
Kathryn L. Burke - Recorder  
Fee: \$147.00 RPTT: \$0.00  
Page 1 of 109

**WHEN RECORDED RETURN TO:**

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(Space above line for Recorder's use only)

**SEVENTH AMENDMENT TO CONDOMINIUM  
DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS AND  
RESERVATIONS OF EASEMENTS  
FOR**

**HOTEL-CONDOMINIUMS AT  
GRAND SIERRA RESORT**  
(A Nevada Common-Interest Community)

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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.

**Hotel Unit.** A part of the Property more specifically described in Article 2, designed and furnished for use as a full-service hotel room which may be occupied by the Unit Owner or, in the sole discretion of the Unit Owner, which may be used from time to time by the Unit Owner and other Occupants, as transient guests, as more fully described in Section 7.1(a), or such other uses permitted by this Declaration if the Unit is an Unsold Unit; but specifically excluding any Commercial Unit, Residential Unit, and Shared Facilities Unit. The Declarant reserves the right to create a maximum of 8,000 Hotel Units pursuant to the provisions of this Declaration.

**Hotel Unit Maintenance Program.** The mandatory program pursuant to which the Hotel Management Company provides certain services (including, without limitation, reception desk staffing, in-room services, guest processing services, housekeeping services, Hotel Unit inspection, repair and maintenance services, and other services), all as more particularly described in the Unit Maintenance Agreement between each Unit Owner of a Hotel Unit and the Hotel Management Company.

**Majority of the Unit Owners.** Those Unit Owners, without regard to their number, who own more than fifty percent (50%) in the aggregate of the entire undivided ownership interest in the Common Elements. Any specified percentage of the Unit Owners shall mean those Unit Owners who, in the aggregate, own such specified percentage of the entire undivided ownership interest in the Common Elements.

**New Construction Units.** Those certain new mixed-use construction condominium units the Declarant may construct, as designated on the Plat, which may consist of additional Commercial Units, Hotel Units, Residential Units, Shared Facilities Units, or any combination thereof, and that, if constructed, the Declarant intends to restrict voting rights pertaining thereto as provided herein, and intends to submit such Units to the Act as a part of the Future Expansion Parcel upon completion of construction of such Units.

**Occupant.** Person or Persons, other than a Unit Owner, in possession of a Unit, including, without limitation, transient Hotel Guests.

**Parcel.** The entire tract of real estate described in the first Recital of this Declaration.

**Parking Area.** That part of the project consisting of parking spaces and elements appurtenant thereto provided for parking passenger vehicles, and not comprising any portion of the Property.

**Person.** A natural individual, corporation, partnership, limited liability company, trustee or other legal entity capable of holding title to real property.

**Plat.** The plats of survey of the Parcel, and all of the Units in the Property submitted to the provisions of the Act, said Plat being attached hereto as Exhibit A and made a part hereof and recorded as part of this Declaration, and as amended from time to time in accordance with the provisions of Article 11 of this Declaration.

**Private Shared Facilities.** Those portions of the Shared Facilities Unit that are reserved for exclusive use and access by the Shared Facilities Unit Owner, the Hotel Management Company (to the extent authorized by the Shared Facilities Unit Owner) and their respective

permittees, and which are not subject to the Public Shared Facilities Easement. The Private Shared Facilities shall include, without limitation, any and all of the following components to the extent located within the Condominium Property: (i) structural components, including without limitation, any and all exterior walls and finishes, roof trusses, roof support elements, and insulation; (ii) utility, mechanical, electrical, telephonic, telecommunications, plumbing and other systems, including, without limitation, wires, conduits, pipes, ducts, panels, pumps, antennae, satellite dishes, transformers, computers, controls, control centers, cables, mechanical equipment areas, utility rooms, water heaters, and other apparatus used in the delivery of utility, mechanical, telephonic, telecommunications, television, internet, electrical, plumbing and/or other services; (iii) heating, ventilating and air conditioning systems, including, without limitation, air handlers, ducts, condensers, fans, water towers and other apparatus used in the delivery of HVAC services; (iv) passenger and freight elevator motors and cables, systems and/or equipment used in the operation of the passenger and freight elevators (but not including the space contained within the passenger elevator shafts and cars used solely for service to the Condominium Property, which shall be part of the Common Elements); (v) trash rooms, trash chutes and any and all trash collection and/or disposal systems; (vi) housekeeping closets and facilities; (vii) Building security and life safety systems and monitoring systems; and (xi) any other portion of the Shared Facilities Unit not expressly made a part of the Public Shared Facilities or not expressly made subject to the Public Shared Facilities Easement.

**Project.** The larger mixed-use, mixed-ownership complex of which the Property is a part, including the balance of the Hotel, the Retail Property, the Public Parking Property, the out parcels and all other property comprising a portion of the Building or the larger mixed-use Parcel of which the Property is a part.

**Property.** Those portions of the land, property and space contained within the Parcel, the improvements and structures erected, constructed or contained therein or thereon (including portions of the Building), and the easements, rights and appurtenances belonging thereto, and the fixtures and equipment intended for the mutual use, benefit or enjoyment of the Unit Owners, as hereinafter defined and as described on Exhibit A attached hereto, comprising the Condominium, and submitted to the provisions of the Act pursuant to this Declaration. The Property shall include such portions of the Future Expansion Parcel as may from time to time be included within the Condominium and submitted to the provisions of the Act in accordance with the provisions of this Declaration, but only upon such submission.

**Public Parking Property.** That portion of the above-ground parking facilities located adjacent to the Building that is open to the general public for the parking of passenger vehicles, together with certain entrance and exit ramps, gates, driveways, and other related facilities. The Public Parking Property is located within the Project but does not comprise any portion of the Property.

**Public Shared Facilities.** That portion of the Shared Facilities Unit, located within the Condominium Property, that is subject to the Public Shared Facilities Easement for access and use by the Hotel Management Company and the Unit Owners.

**Public Shared Facilities Easement.** The easement rights over the Public Shared Facilities and Future Expansion Parcel granted to the Declarant, the Association, the Hotel

Management Company, and the Unit Owners, as more fully described in Section 4.3(e) below. The Public Shared Facilities Easement shall include, without limitation, use of (i) certain stairways, corridors, hallways, entrances and exits; and (ii) all passenger elevator cabs servicing the Condominium Property.

**Residential Unit.** A part of the Property more specifically described in Article 2, designed, constructed and furnished for use as a residential condominium, and not necessarily available for use by transient guests or bearing the appearance of a hotel room; but specifically excluding any Commercial Unit, Hotel Unit, and Shared Facilities Unit. The Declarant reserves to right to create a maximum of 8,000 Residential Units pursuant to the provisions of this Declaration.

**Retail Property.** The existing retail concourse located within the Building, and certain ancillary facilities related thereto. The Retail Property is located within the Project, and in general is subject to developmental rights as more particularly described on the plan of development, but does not comprise any portion of the Property unless and until an amended declaration is recorded by the Declarant incorporating all or any portion of the Retail Property within the Condominium Property.

**Shared Facilities Expenses.** As defined in Section 6.9 below. The Shared Facilities Expenses include the Shared Facilities Reserve, and are distinct from and in addition to the Hotel Expenses and the Common Expenses.

**Shared Facilities Reserve.** As defined in Section 6.9(b) below.

**Shared Facilities Unit.** All portions of the Property identified on the Plat attached hereto as Exhibit A, labeled as a portion of a "Shared Facilities Unit," and all portions of the Property identified in Section 2.1(b) of this Declaration as being a part of a "Shared Facilities Unit," including all additions, alterations, betterments and improvements thereto, thereupon or thereunder, including, without limitation, the following components to the extent located within the Condominium Property: (i) exterior and interior wall finishes, the Building facade, roof trusses, roof support elements, and insulation; (ii) stairways, entrances and exits; (iii) utility, mechanical, electrical, telephonic, telecommunications, plumbing and other systems, including, without limitation, wires, conduits, pipes, ducts, panels, pumps, antennae, satellite dishes, transformers, computers, controls, control centers, cables, mechanical equipment areas, utility rooms, water heaters serving multiple units and other apparatus used in the delivery of the utility, mechanical, telephonic, telecommunications, television, Internet, electrical, plumbing and/or other services; (iv) heating, ventilating and air conditioning systems, including, without limitation, air handlers, flues, ducts, shafts, conduits, condensers, fans, generators, water towers and other apparatus used in the delivery of HVAC services; (v) all passenger and freight elevator shaft components, elevator cabs, elevator motors and cables, systems and/or equipment used in the operation of the passenger and freight elevators (but not including the space contained within the passenger elevator shafts and cars used solely for service to the Condominium Property, which shall be part of the Common Elements); (vi) trash rooms, trash chutes and any and all trash collection and/or disposal systems; (vii) any desk areas, office space, concierge areas, bell desks and other Hotel operations areas located within the Condominium Property; (viii) housekeeping closets and facilities; and (ix) Building security and life safety systems and

monitoring systems. The initial Shared Facilities Unit is comprised of both the Public Shared Facilities (which are shared and used by all Unit Owners and Hotel Guests, and subject to certain easement rights in the Declarant, the Association, the Hotel Management Company, and the Unit Owners) and the Private Shared Facilities, which are used exclusively by the Owner of the Shared Facilities Unit, the Hotel Management Company (to the extent authorized by the Owner of the Shared Facilities Unit) and their respective permittees. The existing Shared Facilities Unit will be owned initially by the Declarant, and may be transferred or conveyed by Declarant to any Person, including, without limitation, any affiliate, parent or subsidiary of Declarant. The Declarant reserves the right to create a maximum of 100 Shared Facilities Units pursuant to the provisions of this Declaration.

**Unit.** A part of the Property more specifically described in Article 2. Except as otherwise provided herein, the term "Unit" shall be deemed to include a Hotel Unit, a Residential Unit, a Shared Facilities Unit or a Commercial Unit, as the case may be, designated for use by the Unit Owner and Occupants of such Unit.

**Unit Maintenance Agreement.** The agreement that each Unit Owner of a Hotel Unit must enter into with the Hotel Management Company (and to which each Unit Owner of a Hotel Unit must remain a party) for so long as such Unit Owner owns a Hotel Unit in the Condominium, in the then-current form promulgated from time to time by the Hotel Management Company. By entering into the Unit Maintenance Agreement, the Unit Owner enrolls such Unit Owner's Hotel Unit in the Hotel Unit Maintenance Program, establishing the terms and conditions for the participation of a Unit Owner and Hotel Unit in the Hotel Unit Maintenance Program, and the services which will be provided to the Unit Owner by the Hotel Management Company.

**Unit Owner.** The person or persons whose estates or interests, individually or collectively, aggregate fee simple absolute ownership of a Unit Ownership.

**Unit Ownership.** A part of the Property consisting of one Unit and its undivided interest in the Common Elements and other allocated interests appurtenant thereto.

**Unsold Unit.** Those Units initially offered for sale by Declarant which are owned by Declarant and have not yet been sold, and legal title has not yet been conveyed, to an unrelated Person.

**Voting Member.** One person with respect to each Unit Ownership, designated pursuant to Section 5.3, who shall be entitled to vote at any meeting or in any election.

## ARTICLE 2

### UNITS

#### **2.1 Description and Ownership.**

- (a) All Units are delineated on the Plat and listed on Exhibit B.

(b) The Hotel Units consist of the space enclosed and bounded by the horizontal and vertical planes set forth in the delineation thereof on Exhibit A, and exclude the following: all physical real property, including fixtures, located within such horizontal and vertical planes, including but not limited to walls, floors, ceilings, and all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof, all interior partitions, bearing walls, bearing columns, and doors, all shutters, awnings, window boxes, doorsteps, stoops, pads and mounts for heating and air conditioning systems, pipes, ducts, flues, chutes, conduits, wires, and other utility, heating, cooling or ventilation systems or equipment located within such Unit (anything herein to the contrary notwithstanding). The Hotel Units also do not include structural components of the Building, the term "structural components" including structural columns or pipes, wires, conduits, ducts, flues, shafts, and private or public utility lines running through the Unit and forming a part of any system serving the Unit or more than the Unit, or any components of communication or cable television systems, if any, located in the Unit, whether or not any such items shall be located in the floors, ceilings or perimeter or interior walls of the Unit, or within the horizontal and vertical planes set forth in the description of any Unit on Exhibit A. The description of each Unit within this Declaration shall consist of the identifying number or symbol of such Unit as shown on Exhibit A. Every deed, lease, mortgage or other instrument may legally describe a Unit by the name of the common-interest community, the file number and book or other information to show where the Declaration is recorded, the county in which the common-interest community is located, and the identifying number or symbol of the Unit as shown on Exhibit A, and every such description shall be deemed good and sufficient for all purposes. All tangible real property excluded from the Hotel Units under this subsection, and contained within the Property, shall be included within the Shared Facilities Unit.

(c) Except as provided by the Act or as provided elsewhere herein, no Unit Owner shall, by deed, plat, court decree or otherwise, subdivide or in any other manner cause such Unit Owner's Unit to be separated into any tracts or parcels different from the whole Unit as shown on Exhibit A. Notwithstanding the foregoing, and notwithstanding anything else to the contrary contained in this Declaration, in accordance with and pursuant to Nevada Revised Statutes "NRS" 116.2111(1)(c), 116.2112 and 116.2113, Residential Unit Owners may, at their own expense, subdivide or combine Units owned by such Residential Unit Owners and locate or relocate Common Elements affected or required thereby, subject to approval by the Board (which approval shall not be unreasonably withheld, conditioned or delayed) all as more fully described below. In accordance with the Act, in connection with such subdivision or combination of such Unit(s), the Allocated Interests allocated to such Unit(s) may be re-allocated or adjusted by amendment to this Declaration in the manner specified in the Act. Any Residential Unit Owner desiring to combine or subdivide Unit(s) in accordance herewith shall make written application to the Board with accompanying drawings identifying the proposed subdivision or combination of Units. Such drawings shall be prepared by an architectural or surveying firm selected by or reasonably acceptable to the Board. The Board shall have a period of thirty (30) days from the date of such submission to consider the proposed subdivision or combination of Unit(s), at which time the Board shall render its approval or disapproval of such proposal. If the Board approves such proposal, upon the Board rendering such approval either the Unit Owner or the Board (at the Board's sole discretion, and in either case at the Residential Unit Owner's sole cost and expense) shall cause to be prepared a proposed form of amendment to this Declaration with a proposed amendment to the Plat attached hereto (amending those Plat

sheets identifying the Units and Common Elements affected by such proposed subdivision or combination of Units) prepared by a licensed Nevada land surveyor in accordance with the Plat requirements set forth in the Act and consistent with the Plat appended to the recorded Declaration. Within thirty (30) days after the Board's receipt of such proposed form of amendment to this Declaration and proposed amendment to the Plat, the Board shall deliver to such Unit Owner its proposed revisions to the proposed amendment to this Declaration and the Plat, if any. Upon the Board's review and approval of a satisfactory amendment to this Declaration and the Plat pursuant to this subsection, the Board shall execute and deliver for recordation (at such Unit Owner's sole cost and expense) such amendment and amended Plat sheets, and such documents shall be executed and recorded in accordance with NRS 116.2112 or 116.2113.

(d) Reserved.

(e) Reserved.

**2.2 Certain Structures Not Constituting Part of a Unit.** Except as a tenant in common with all other Unit Owners, and except for the Unit Owner of the Shared Facilities Unit, no Unit Owner shall own any structural components of the Building, including structural columns or pipes, wires, conduits, ducts, flues, shafts, or public utility lines running through that Unit Owner's Unit and forming a part of any system serving that Unit or any other Unit Owner's Unit, or any components of communication systems or cable television systems, if any, located in that Unit Owner's Unit, whether or not any such items shall be located in the floors, ceilings or perimeter or interior walls of the Unit, or within the horizontal and vertical planes set forth in the description of such Unit on Exhibit A.

**2.3 Shared Facilities Unit.** The Shared Facilities Unit includes both the Public Shared Facilities (to which the Unit Owners of the Hotel Units and the Commercial Units, the Association and the Hotel Guests have certain ingress, egress, access and other easement rights as more particularly described in Section 4.3(e) below) and the Private Shared Facilities, which are reserved for the exclusive use and access by the Owner of the Shared Facilities Unit, the Hotel Management Company (to the extent authorized by the Owner of the Shared Facilities Unit) and their respective permittees. In consideration of the various easement and other rights being granted to the Unit Owners of the Hotel Units, the Unit Owners of the Residential Units, the Unit Owners of the Commercial Units, the Association, and the Hotel Guests, and in consideration of the functional importance of the Shared Facilities Unit in connection with the operation of the Hotel, all Unit Owners other than the Unit Owner of the Shared Facilities Unit shall be obligated to pay to the Unit Owner of the Shared Facilities Unit each Unit Owner's proportionate share of the Shared Facilities Expenses as and when described in Section 6.9 below. The Declarant, as Owner of the Shared facilities Unit, or the successor Unit Owner of the Shared Facilities Unit, shall have the right, from time to time, to expand, alter, relocate, withdraw and/or eliminate portions of the Shared Facilities Unit, create additional Shared Facilities Units, subdivide any Shared Facilities Unit, and reallocate the Allocated Interests to conform to any such changes, without obtaining the consent or approval of the Association, the Board, any Unit Owner or the Hotel Management Company, and to record any and all amendments to this Declaration to effectuate such expansion, alteration, relocation, withdrawal and/or elimination; provided, however, that in the reasonable opinion of the Declarant or any



successor Unit Owner of the Shared Facilities Unit any portions of the Shared Facilities Unit withdrawn shall not materially adversely affect the Unit Owners or Hotel Guests with respect to pedestrian ingress, egress and access to and from the Condominium Property, the adjoining public street, the Hotel Units, the Residential Units, and the Commercial Units, or otherwise materially adversely affect business operations in the Hotel. In furtherance of the foregoing, the Declarant, as the initial Unit Owner of the Shared Facilities Unit, also reserves the absolute right at any time, and from time to time, for itself and any successor Unit Owner of the Shared Facilities Unit, to construct additional facilities upon the Property and to determine whether same shall be deemed a portion of the Shared Facilities Unit. In furtherance of the foregoing, a power coupled with an interest is hereby granted to the Declarant, and its respective successors, assigns, agents and designees, and each of them singly without the other's concurrence, as attorney-in-fact to do or cause the foregoing to be done. The acceptance of each deed, mortgage, trust deed or other instrument with respect to a Unit Ownership shall be deemed a grant of such power to each of said attorneys-in-fact, an acknowledgment of a consent to such power, and shall be deemed to reserve to each of said attorneys-in-fact the power to record any and all such supplements. This power granted to said attorneys-in-fact 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 and assigns, and shall be enforceable as a covenant running with the land and/or equitable servitude.

**2.4 Real Estate Taxes.** It is understood that real estate taxes are to be separately taxed to each Unit Owner for that Unit Owner's Unit and its corresponding percentage of ownership in the Common Elements as provided in the Act.

### ARTICLE 3

#### **COMMON ELEMENTS**

**3.1 Description.** The Condominium has been established in such a manner as to minimize Common Elements. There are no limited common elements within the Property. The Common Elements shall consist of the space contained within the passenger elevator shafts and cars exclusively servicing the Condominium Property, and a portion of the space contained within the hallways of the Condominium Property, as described on Exhibit A.

**3.2 Ownership of Common Elements.** Each Unit Owner shall be entitled to the percentage of ownership in the Common Elements and Common Expenses allocated to the respective Unit owned by such Unit Owner, as set forth in Exhibit B attached hereto. The percentages of ownership interests set forth in Exhibit B have been computed and determined in accordance with the Act, and shall remain constant and shall not be changed, except as specifically permitted under the Act and this Declaration, without unanimous written consent of all Unit Owners and all First Mortgagees (as hereinafter defined in Section 10.1 hereof). Said ownership interest in the Common Elements and other Allocated Interests shall be an undivided interest, and the Common Elements and other Allocated Interests shall be owned by the Unit Owners as tenants in common in accordance with their respective percentages of ownership. The ownership of each Unit shall not be conveyed separately from the percentage of ownership in the Common Elements and other Allocated Interests corresponding to said Unit. The undivided percentage of ownership in the Common Elements and other Allocated Interests

corresponding to any Unit shall always be deemed conveyed or encumbered with any conveyance or encumbrance of that Unit, even though the legal description in the instrument conveying or encumbering said Unit may refer only to that Unit.

#### ARTICLE 4

##### **GENERAL PROVISIONS AS TO UNITS AND COMMON ELEMENTS**

**4.1 Submission of Property to the Act.** The Property is hereby submitted to the provisions of the Uniform Common-Interest Ownership Act of the State of Nevada.

**4.2 No Severance of Ownership.** No Unit Owner shall execute any deed, mortgage, lease or other instrument affecting title to such Unit Owner's Unit Ownership without including therein both such Unit Owner's interest in the Unit and such Unit Owner's corresponding percentage of ownership in the Common Elements and other Allocated Interests, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage, lease or other instrument purporting to convey a Unit Owner's interest in the Unit without conveying the Unit Owner's percentage of ownership in the Common Elements and other Allocated Interests shall be deemed and taken to include the interest so omitted even though the latter is not expressly mentioned or described therein. Any such deed, mortgage, lease or other instrument purporting to convey a Unit Owner's percentage of ownership in any Allocated Interest without conveying the Unit Owner's interest in the Unit is void.

##### **4.3 Easements.**

(a) **Encroachments.** In the event that (i) by reason of the construction, repair, settlement or shifting of the Building or any other improvements, any part of the Common Elements encroaches or shall hereafter encroach upon any part of any Unit, or any part of any Unit encroaches or shall hereafter encroach upon any part of the Common Elements, or any other Unit; or (ii) by reason of the design or construction of any Unit, it shall be necessary or advantageous to a Unit Owner to use or occupy any portion of the Common Elements for any reasonable use appurtenant to said Unit, which will not unreasonably interfere with the use or enjoyment of the Common Elements by any other Unit Owner; or (iii) by reason of the design or construction of utility and ventilation systems, any mains, pipes, ducts or conduits serving more than one Unit encroach or shall hereafter encroach upon any part of any Unit; then in any such case, valid easements for maintenance of such encroachment and for such use of the Common Elements hereby are established and shall exist for the benefit of such Unit, or the Common Elements, as the case may be, so long as such reason for use exists and as all or any part of the Building shall remain standing; provided, however, that in no event shall a valid easement for any encroachment or use of the Common Elements be created in favor of any Unit Owner if such encroachment or use is detrimental to or interferes with the reasonable use and enjoyment of the Property by any other Unit Owner or has been created by the Unit Owner or such Unit Owner's agent through intentional or willful conduct.

(b) **Easements for Utilities and Commercial Entertainment.** SBC, AT&T, Sierra Pacific Power Company, the City of Reno, Truckee Meadows Water Authority, and all other existing and future suppliers of utilities serving the Property and any person providing cable

television or other similar entertainment services to any Unit Owners or to the Property, are hereby granted the right to install, lay, construct, operate, maintain, renew, repair or replace, conduits, cables, pipes and wires and other equipment into, over, under, along and on any portion of the Common Elements and any Unit for the purpose of providing the Property, any Additional Parcel or the Future Expansion Parcel with utility, cable television and entertainment services, together with the reasonable right of ingress to and egress from the Property for said purpose; and the Declarant, Board or Association may hereafter grant other or additional easements for utility, cable television or entertainment purposes (which may include premium movie channels and pay-per-view service) and for other purposes including such easements as the Declarant or Owner of the Shared Facilities Unit may from time to time request including, but not limited to, such easements as may be required to construct, keep and maintain improvements upon the Common Elements and the Public Shared Facilities, for the benefit of the Property, over, under, along and on any portion of said Common Elements and the Public Shared Facilities, and each Unit Owner hereby grants the Board, Shared Facilities Unit Owner, or Declarant, as appropriate, an irrevocable power of attorney to execute, acknowledge and record for and in the name of such Unit Owner, such instruments as may be necessary to effectuate the foregoing (provided that with respect to all easements granted hereby or pursuant hereto, no Unit Owner shall be deprived of, or be subjected to material interference with, the use of such Unit Owner's Unit, other than reasonably and temporarily). Each mortgagee of a Unit shall be deemed to consent to and be subordinate to any easement granted herein and also grants such power of attorney to the Board, Shared Facilities Unit Owner, or Declarant, as appropriate, to effectuate the foregoing. Easements are also hereby declared and granted to the Declarant, Board and Association and to the suppliers of utilities or cable television or entertainment lines described above in this paragraph to install, lay, operate, maintain, repair and replace any pipes, wire, ducts, conduits, cables, public utility lines, entertainment lines, components of the communications systems, if any, or structural components, which may run through the walls forming the outer boarder of a Unit and which constitute portions of the Shared Facilities Unit.

The Declarant hereby reserves to itself and the Association, and their respective successors and assigns, the right, without notice to, or the consent of, any Unit Owner or mortgagee of a Unit Ownership: (i) to record a supplement to the Plat showing the location of any or all of such utility or commercial entertainment conduits, pipes, electrical wiring, transformers and switching apparatus and other equipment (or such other equipment and facilities described in subparagraphs (iv) and (v) of Section 4.3(c) below) "as built," and (ii) to record, from time to time, additional supplements, showing additions, modifications and deletions to any or all of such conduits, pipes, electrical wiring, transformers and switching apparatus and other equipment. When the location of the easement to any such utility or other entity is shown by any supplement or additional supplement to the Plat as aforesaid, the easement granted by this Section 4.3(b) to such utility or other entity shall be limited to the area or areas located within ten (10) feet on either side of the equipment of such utility or other entity shown on such supplement or additional supplement or such other area designated in the supplement by the Declarant or Association. A power coupled with an interest is hereby granted to the Declarant and the Association, acting by and through their respective duly authorized officers, their respective successors, assigns, agents and designees, and each of them singly without the other's concurrence, as attorney-in-fact to do or cause the foregoing to be done. The acceptance of each deed, mortgage, trust deed or other instrument with respect to a Unit Ownership shall be deemed a grant of such power to each of said attorneys-in-fact, an

acknowledgment of a consent to such power, and shall be deemed to reserve to each of said attorneys-in-fact the power to record any and all such supplements.

(c) **Blanket Easement in Favor of Declarant and Other Parties.** The right of the Unit Owners to use and possess the Common Elements as set forth in Section 4.4(a) hereof shall be subject to a blanket easement over the Common Elements (including those now or hereafter located on any Additional Parcel) in favor of the Declarant, the Shared Facilities Unit Owner, and their respective representatives (including the Hotel Management Company), agents, associates, employees, contractors, subcontractors, tenants, successors and assigns, for the purpose of (i) access and ingress to and egress from the Property, the Shared Facilities Unit, the New Construction Units and the Future Expansion Parcel, or any part thereof, (ii) construction, installation, repair, replacement and restoration of utilities, buildings, landscaping and any other improvements on the Parcel, the Shared Facilities Unit, the New Construction Units and the Future Expansion Parcel, or any part thereof, including the right to restrict and regulate access to the Common Elements and the Shared Facilities Unit for the purposes of completing construction of the Building, Common Elements or Units in the Building, and performing any and all construction activities in combining, subdividing, altering and/or modifying any Unsold Unit, (iii) the installation and maintenance of signs advertising the Units on the Parcel and the Future Expansion Parcel or any part thereof, as well as signs advertising and/or providing directions to the Spa, the Retail Property, meeting facilities, the casino, the restaurants and any other portion of the Building having the right to place signage on the Property pursuant to and in accordance with this Declaration and signs directing potential purchasers to the sales office and models erected in connection with such Units and other components of the Project and for such purposes as described in Section 7.1(k) hereof, (iv) the construction, installation, maintenance, repair, replacement, refurbishment and restoration of the Shared Facilities Unit (or any portion thereof) and the Units; (v) the construction, installation, maintenance, repair, replacement and restoration of internet, fiber optic, high speed data transmission and other telecommunication facilities, and all such power supplies and equipment related thereto, and the installation, maintenance, repair, replacement and restoration of all necessary wires, cables, ducts and other ancillary facilities related thereto; and (vi) any other construction, installation, maintenance, repair, replacement, refurbishment, restoration or other activities related to the development of the Future Expansion Parcel or any part thereof. The foregoing easements in favor of the Declarant and the Shared Facilities Unit Owner shall continue until such time as the rights of Declarant to submit Additional Parcels to the Act have expired and the Declarant no longer holds legal title to, or the beneficial interest in any trust holding legal title to, any Unit Ownerships, at which time such easements shall cease and be of no further force and effect without the necessity of any further action. With respect to the easement rights reserved in subparagraphs (iv), (v) and (vi) above, all as more particularly described in this Declaration, Declarant reserves such perpetual easement rights for itself, the Shared Facilities Unit Owner, and their respective successors and assigns, and such easements shall remain in full force and effect at all times during which this Declaration is in force and effect.

(d) **Easement in Favor of Association and Hotel Management Company.** A blanket easement over the Property, and for maintenance of the FF&E installed in any Unit, is hereby granted in favor of the Association, the Hotel Management Company and the manager or managing agent for the Property and the Project for the purpose of exercising its rights and performing its duties under this Declaration. This easement is also intended to benefit the

employees of the Hotel Management Company and of the service companies engaged by the Hotel Management Company to perform services necessary or desirable in connection with the Unit Maintenance Agreement or any of the services described in this Declaration required for the use, occupancy and maintenance of a Unit or the Common Elements. The authorized representatives of the Declarant, Association, or Board, or of the Hotel Management Company or the manager or managing agent for the Property and the Project, and any suppliers of services or utilities or water to the Property, shall be entitled to reasonable access to, over and through the individual Units as may be required in connection with the operation, maintenance, repairs, or replacements of or to the Common Elements, the Shared Facilities Unit or any FF&E, appliances, equipment, facilities or fixtures affecting or serving any Unit or the Common Elements, or to service and take readings of any utility meters located within or serving a Unit.

(e) **Public Shared Facilities Easement.** Subject to the restrictions and conditions contained in this Declaration, the Hotel Management Company, the Association, the Unit Owners of the Hotel Units, Residential Units, and the Commercial Units, shall have the following perpetual easements over, across, upon and through the Shared Facilities Unit, the Common Elements, and the Future Expansion Parcel (and Occupants and Hotel Guests shall have a corresponding revocable license to use the Public Shared Facilities to the extent of the following easements), subject to the right reserved by the Declarant for the benefit of itself, the Owner of the Shared Facilities Unit, the Hotel Management Company and their successors and assigns to modify the following components, and designate and modify from time to time the locations in ways that do not permanently adversely affect the easement rights granted in this subsection:

- (i) A non-exclusive easement for reasonable ingress, egress and access over and across, without limitation, walkways, hallways, corridors, the Hotel lobby, elevators and stairways which provide access to and from the Hotel Units, the Residential Units, and the Commercial Units, including an easement for reasonable pedestrian access on, over, upon, and across those pedestrian accessways located outside the Hotel Building that Declarant designates from time to time as being for the use of the Condominium Property. Declarant reserves the right to designate and relocate such pedestrian accessways, so long as any designation or relocation provides the Condominium Property with reasonable access to and from one or more of the public roads and/or sidewalks adjacent to the Parcel. Declarant also reserves the right to grant easements to others to use the same pedestrian accessways for the benefit of other portions of the Parcel.
- (ii) A non-exclusive easement for the continued existence of and service from any of the following components or facilities which are located within the Shared Facilities Unit and/or Parcel, and which serve the Common Elements, the Hotel Units, the Residential Units, or the Commercial Units, or existence of and service from reasonably equivalent components or facilities:

- (A) utility, mechanical, electrical, telephonic, telecommunications, plumbing and other systems, including, without limitation, all wires, conduits, pipes, ducts, panels, pumps, antennae, satellite dishes, transformers, computers, controls, control centers, cables, mechanical equipment areas, utility rooms, water heaters serving multiple units and other apparatus used in the delivery of the utility, mechanical, telephonic, telecommunications, television, internet, electrical, plumbing and/or other services to the Condominium Property;
  - (B) any and all structural components of the improvements, including without limitation, all footings, foundations, exterior walls and finishes, roof, roof trusses, roof support elements, and insulation; and
  - (C) all heating, ventilating, and air conditioning systems, including, without limitation, risers, compressors, air handlers, ducts, condensers; fans, generators, chillers, water towers and other apparatus used in the delivery of HVAC services to the Condominium Property.
- (iii) A non-exclusive easement to use the loading area and to have access between the loading area and the Hotel Units, Residential Units, and Commercial Units; subject at all times to such rules and regulations, restrictions, scheduling requirements, fees, costs and use charges as may be adopted or imposed from time to time by the Declarant, or by the Shared Facilities Unit Owner if such areas hereafter are made part of the Shared Facilities Unit.
  - (iv) A non-exclusive easement to use and enjoy portions of the Shared Facilities Unit which from time to time are made available by the Owner of the Shared Facilities Unit for use by the Unit Owners of the Hotel Units, Residential Units and Commercial Units and the Hotel Guests, subject to such rules and regulations, restrictions, scheduling requirements, fees, costs and use charges as may be adopted or imposed from time to time by the Shared Facilities Unit Owner, including, without limitation, each Unit Owner's proportionate share of the Shared Facilities Expenses as more particularly described in Section 6.9 below.

(f) **Declarant's Right to Enter.** The Declarant hereby reserves to itself, the Owner of the Shared Facilities Unit, the Hotel Management Company, their respective successors and assigns, and any of their agents or permittees, the right to enter upon any portion of the Property for purposes of: (i) abating any nuisance; (ii) carrying out the rights of the Declarant, the Owner of the Shared Facilities Unit, or the Hotel Management Company to perform maintenance, repairs or other acts; and (iii) exercising any of the rights reserved to or

conferred upon the Declarant, the Owner of the Shared Facilities Unit, or the Hotel Management Company, hereunder, or under applicable laws.

(g) **Easements to Run with Land.** All easements and rights described in this Declaration are easements running with the land and, so long as the Property is subject to the provisions of this Declaration, such easements shall be perpetual in nature, shall remain in full force and effect (except where early termination is otherwise provided in this Declaration) and shall inure to the benefit of and be binding on Declarant and its respective successors and assigns, and any Unit Owner, purchaser, mortgagee and other person having an interest in the Property, or any part or portion thereof, and their respective successors and assigns. Reference in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Article, or described in any other part of this Declaration, shall be sufficient to create and reserve such easements and rights to respective grantees, mortgagees and trustees of such Unit Ownerships as fully and completely as though such easements and rights were recited fully and set forth in their entirety in such documents.

#### **4.4 Use of the Common Elements and Public Shared Facilities.**

(a) **General.** Subject to the provisions of this Declaration, each Unit Owner shall have the nonexclusive right to use the Common Elements and the Public Shared Facilities in common with the other Unit Owners, as may be required for the purpose of ingress and egress to, and use, occupancy and enjoyment of, the respective Unit Ownership owned by such Unit Owner, and such other incidental uses as are permitted by this Declaration. Such rights to use the Common Elements, and the Public Shared Facilities, shall be subject to and be governed by the provisions of the Act, this Declaration, and any rules and regulations adopted by the Association, the Shared Facilities Unit Owner, or the Declarant. In addition, the Association shall have the authority to lease, grant licenses or concessions, or grant easements with respect to parts of the Common Elements, subject to the provisions of this Declaration and the Bylaws and any rights reserved to Declarant hereunder. All income derived by the Association from leases, licenses, concessions or other sources shall be held and used for the benefit of the members of the Association, pursuant to such rules, resolutions or regulations as the Board may adopt or prescribe.

(b) **Disclaimer of Bailee Liability.** Notwithstanding anything to the contrary contained in this Declaration, neither the Board, the Association, any Unit Owner, the Declarant, the Hotel Management Company nor their respective members, managers, officers, directors, agents, employees or representatives shall be considered a bailee of any personal property stored in the Common Elements or Shared Facilities Unit, and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence.

#### **4.5 Maintenance, Repairs and Replacements.**

(a) **By the Association.** The cost of maintenance, repairs, and replacements of the Common Elements, shall be provided by the Association acting by and through the Board as part of the Common Expenses, subject to the Bylaws or rules and regulations of the Association.

(b) **By the Unit Owner.** Except as otherwise provided in paragraph (a) above or paragraph (c) below, each Unit Owner (except for the Unit Owner of the Shared Facilities Unit) shall be responsible for, at his or her own expense, all costs and expenses associated with all of the following items, to be installed and maintained as provided in this Declaration or the Unit Maintenance Agreement:

- (i) To the extent not provided as part of the services pursuant to the Unit Maintenance Agreement described in Section 7.1(a) below, all of the furnishing, decorating and equipping of such Unit Owner's Unit in a manner suitable to meet the standard established by the Hotel Management Company for Hotel accommodations, including furniture, decor items, towels, linens, color televisions, clocks, radio, drapes, other entertainment or electrical equipment, and other window treatments and decorative accessories (collectively, the "FF&E"). In order to maintain the standards of the Property, the quality of the decor, furniture, furnishings and maintenance of Hotel Units are subject to ongoing review by the Declarant and the Hotel Management Company. Unit Owners will not be permitted to vary, add to, remove or change the FF&E in a Hotel Unit. All FF&E installed in a Unit, subject to replacement of such FF&E as otherwise expressly provided, shall be conveyed along with the Unit upon any subsequent sale or transfer of the Unit. The FF&E shall be installed initially in each Hotel Unit by the Declarant in accordance with each Unit Owner's Purchase Agreement with the Declarant and any existing or new FF&E must be replaced, repaired or refurbished as deemed necessary by the Declarant or the Hotel Management Company, as the case maybe, from time to time, at the expense of such Unit Owner. In each instance that the Declarant or the Hotel Management Company, as the case may be, makes a determination that the FF&E is in need of replacement (for purposes of replacing FF&E due to wear and tear, age or to perform general refurbishment or renovation of the Units), each Unit Owner of a Hotel Unit will be required to participate in each such FF&E replacement program and to pay for such Unit Owner's share of the costs of such FF&E replacement program, the costs for which will be assessed against each Hotel Unit based on either a unit-by-unit actual cost basis, a percentage interest basis, a square footage basis or such other reasonable cost allocation as the Declarant or the Hotel Management Company, as the case may be, shall determine. If a Hotel Unit does not comply with the Hotel Management Company's standards, and the Unit Owner does not perform the work or purchase the items recommended or required by the Hotel Management Company with reasonable promptness under the circumstances, the Declarant or the Hotel Management Company may perform such work or purchase such items at the expense of such Unit Owner. The Declarant or the Hotel Management Company may also perform



such work or purchase such items at the expense of the Unit Owner owning such Hotel Unit without any prior notice to the Unit Owner in the event of an emergency, or at any time if requested by any Unit Owner for such Unit Owner's Hotel Unit. The decision of the Declarant or the Hotel Management Company, as the case may be, as it relates to compliance or non-compliance with the above FF&E provisions, shall be conclusive and binding upon Unit Owners. In the event of a dispute concerning the compliance or non-compliance of a Hotel Unit or its decor, adornment, furnishings or FF&E with the standards of the Hotel or the need for repair or replacement, the decision of the Declarant shall be binding upon all parties to the dispute.

- (ii) Subject to compliance with the obligations set forth in Section 4.5(b)(i) above, and, to the extent not provided as part of the services pursuant to the Unit Maintenance Agreement described in Section 7.1(a) below, all of the maintenance, repairs and replacements within a Unit Owner's Unit, all interior and exterior doors appurtenant thereto (including, without limitation, hallway doors and locking mechanisms and components), all screens, if any, and all internal installations of such Unit such as lighting fixtures and other electrical fixtures and plumbing and any portion of any other utility service facilities located within the Unit.
- (iii) Subject to compliance with the obligations set forth in Section 4.5(b)(i) above, and, to the extent not provided as part of the services pursuant to the Unit Maintenance Agreement described in Section 7.1(a) below, all of the decorating associated with such Unit Owner's Unit (initially and thereafter from time to time), including painting, wall papering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lamps and other furnishings and interior decorating (including the FF&E). Each Unit Owner shall maintain the interior surfaces of the common walls and the interior surfaces of the vertical perimeter walls, floors and ceiling of such Unit Owner's Unit in good condition at his or her sole expense as may be required from time to time. The interior surfaces of all windows forming part of a perimeter wall of a Unit shall be cleaned or washed by and at the expense of each respective Unit Owner. The use of and the covering of the interior surfaces of such windows, whether by draperies, shades, or other items visible on the exterior of the Building, shall be subject to the FF&E requirements of the Declarant and the Hotel Management Company as may be imposed or Amended from time to time.

(c) **First-Class Hotel Condition.** Each Unit and all portions of the Common Elements shall be maintained (a) at a level of service and quality generally considered to be first

class and equal to or better than the level of service and quality prevailing from time to time at other full-service hotels in Northern Nevada, taking into account the size, location and character of the Property, and (b) shall be managed in a prudent and efficient manner reasonably calculated to protect and preserve the assets that comprise the Hotel, within the discretion of Declarant. In addition, the public areas of the Project and those areas which are exposed to public view shall be kept in good appearance, in conformity with the dignity and character of the Project, by: (A) the Association, with respect to such parts of the Project required to be maintained by it; (B) the Hotel Management Company, on behalf of each Unit Owner, with respect to the windows and shades, Venetian or other blinds, drapes, curtains or other window decorations in or appurtenant to such Unit Owner's Unit; and (C) the Shared Facilities Unit Owner and its successors and assigns as to the Public Shared Facilities. To promote a consistent appearance of the Hotel from the outside, the Hotel Management Company, on behalf of each Unit Owner, will install and maintain in such Unit Owner's Unit window treatments and backings which conform to any specifications (including color) promulgated by the Hotel Management Company. As with the decision to replace or refurbish FF&E located within individual Units in accordance with Section 4.5(b)(i) above, furnishings, fixtures, equipment and facilities adorning or servicing the Public Shared Facilities or property outside of the Condominium Property (including, without limitation: lobby and front desk/concierge/reception area furnishings, fixtures, equipment and facilities; corridor and hallway furnishings, fixtures, equipment and facilities; elevator furnishings, fixtures, equipment and facilities; flooring materials; wallpaper; paint; furniture; carpeting; fixtures; lighting; equipment; and decor items; and any portion of the Building becoming a portion of the Public Shared Facilities pursuant to Declarant's right to annex all or a portion of the Future Expansion Parcel under Article 11 hereof) (collectively, the "Building FF&E") must be replaced, repaired or refurbished as deemed necessary by the Declarant or the Hotel Management Company, as the case may be, at the expense of the Unit Owners, and in each instance that the Declarant or the Hotel Management Company, as the case may be, makes a determination that such Building FF&E is in need of replacement (for purposes of replacing Building FF&E due to wear and tear, age or to perform general refurbishment or renovation of the Condominium), each Unit Owner will be required to participate in each such Building FF&E replacement program and to pay for such Unit Owner's share of the costs of such Building FF&E replacement program, the costs for which will be assessed against each Hotel Unit based on either a unit-by-unit actual cost basis, a percentage interest basis, a square footage basis or such other reasonable cost allocation as the Declarant or the Hotel Management Company, as the case may be, shall determine. The decision of the Declarant or the Hotel Management Company, as the case may be, as it relates to the above Building FF&E replacement provisions, shall be conclusive and binding on Unit Owners. In the event of a dispute concerning the replacement or refurbishment of the Building FF&E, the decision of the Declarant shall be binding upon all parties to the dispute.

(d) **Insurance Proceeds.** In the event that any repair or replacement to the Common Elements is made necessary by reason of any act or occurrence for which insurance is maintained by the Board pursuant to Section 5.7 hereof and for which insurance proceeds are available as provided in Section 8.1 hereof, the Association, at its expense to the extent of such proceeds, and subject to Section 4.6 hereof, shall be responsible for the repair or replacement of such Common Elements, which repair may be effected by the Hotel Management Company on its behalf.

(e) **Nature of Obligation.** Nothing herein contained shall be construed to impose a contractual liability upon the Association for maintenance, repair and replacement of the Common Elements or the Units or any portion or parts thereof. Likewise, nothing contained herein shall be construed to impose a contractual liability upon the Declarant, Shared Facilities Unit Owner, or Hotel Management Company for maintenance, repair and replacement of the Shared Facilities Unit, or any portion thereof or of property outside of the Condominium Property. The respective obligations of the Association and Unit Owners set forth in this Declaration shall not be limited, discharged or postponed by reason of the fact that any such maintenance, repair or replacement is required to cure a latent or patent defect in material or workmanship in the refurbishment of the Project, nor because they may become entitled to proceeds under policies of insurance. In addition, and notwithstanding anything hereinabove to the contrary, no Unit Owner shall have a claim against the Declarant, Shared Facilities Unit Owner, Hotel Management Company, Board or Association for any work ordinarily the responsibility of a Person other than the Unit Owner, but which the Unit Owner himself has performed or paid for, unless the same shall have been agreed to in advance by the Board, Association, Shared Facilities Unit Owner, Hotel Management Company, or the Declarant.

(f) **Declarant's Lien Rights.** In the event that the Declarant or the Hotel Management Company performs any of the work required to be performed by a Unit Owner in accordance with this Section 4.5 as a result of the Unit Owner's failure to comply with the requirements of this Declaration or other governing documents, and the Unit Owner fails to promptly reimburse the Declarant or the Hotel Management Company, as the case may be, for the costs of performing such work, the Declarant or the Hotel Management Company (as the case may be) shall impose a charge on 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 4.5(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 4.5(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.

**4.6 Negligence of Unit Owner.** If, due to the willful misconduct or negligent act or omission of a Unit Owner, or of a member of such Unit Owner's family or of a guest or other authorized occupant, tenant or visitor of such Unit Owner, damage shall be caused to the Common Elements or to a Unit, or maintenance, repairs or replacements shall be required which would otherwise be charged as a Common Expense, Shared Facilities Expense, or maintenance expense, then such Unit Owner shall pay an assessment in the amount required to repair such damage and perform such maintenance and replacements as may be determined by the Shared Facilities Unit Owner, as it relates solely to damage or maintenance to the Shared Facilities Unit or FF&E, or giving rise to a Shared Facilities Expense, or otherwise as may be determined by the

Board, and such assessment shall be a lien upon the Unit Ownership of the Unit Owner, subject to foreclosure pursuant to the provisions of Section 4.5(f) or as otherwise permitted by law.

**4.7 Joint Facilities.** To the extent that equipment, facilities and fixtures within any Unit or Units shall be connected to similar equipment, facilities or fixtures affecting or serving other Units or the Common Elements, then the use thereof by the individual Unit Owner shall be in all respects reasonable as it affects the other Unit Owners.

**4.8 Additions, Alterations or Improvements.**

(a) The Board may authorize and assess as a Common Expense the cost of the additions, alterations, or improvements to the Common Elements. The cost of any such work to the Common Elements may be paid out of a special assessment.

(b) Except as otherwise provided in Section 7.1(a) hereof, no additions, alterations or improvements shall be made by a Unit Owner other than the Owner of the Shared Facilities Unit (1) to any part of the Common Elements; (2) to any Hotel Unit, to any Residential Unit, or the Shared Facilities Unit (except for such additions, alterations or improvements made by the Unit Owner of the Shared Facilities Unit); and (3) to such Unit Owner's own Unit where such work alters the wall or partition, configuration, ceiling, perimeter doors or windows, floor load or otherwise affects the structure or finishes surrounding the Hotel Unit or increases the cost of insurance required to be carried by the Board or Declarant hereunder, or violates any provision of this Declaration or the Unit Maintenance Agreement for such Hotel Unit regarding the appearance, furnishing or decor of a Hotel Unit in conformity with the first-class hotel aesthetic requirements promulgated by the Hotel Management Company from time to time, without the prior written consent of the Hotel Management Company, or as to the Common Elements, the Board. Any addition, alteration or improvement of a Unit by the Unit Owner, other than the owner of the Shared Facilities Unit, which shall affect the structure of the Unit or the Common Elements shall, further, conform with structural or engineering drawings prepared or reviewed and approved by an architectural or engineering firm selected by the Hotel Management Company, as to Units, or by the Board, as to Common Elements. The cost of such drawings or review and approval shall be paid by the Unit Owner. The Board (or, as it relates to a Unit, the Hotel Management Company) may (but shall not be required to) condition its consent to the making of an addition, alteration or improvement by a Unit Owner under this Section 4.8(b) upon the Unit Owner's agreement either (i) to be solely responsible for the maintenance of such addition, alteration or improvement, subject to such standards as the Board (or, as it relates to a Unit, the Hotel Management Company) may from time to time set, or (ii) to pay to the Association (or, as it relates to a Unit, the Hotel Management Company) from time to time the additional costs of maintenance or insurance as a result of the addition, alteration or improvement. If an addition, alteration or improvement is made by a Unit Owner, other than the Owner of the Shared Facilities Unit, without the prior written consent of the Board (or, as it relates to a Unit, the Hotel Management Company), then the Board or Hotel Management Company, as appropriate, may, in its discretion, take any of the following actions, which actions shall not be exclusive of any other remedies available to the Board:

(1) Require the Unit Owner to remove the addition, alteration or improvement and restore the property to its original condition, all at the Unit Owner's expense; or

(2) If the Unit Owner refuses or fails to properly perform the work required under (1), the Board (or, as it relates to a Unit, the Hotel Management Company) may cause such work to be done and may charge the Unit Owner for the cost thereof as determined by the Board (or, as it relates to a Unit, the Hotel Management Company); or

(3) Ratify the action taken by the Unit Owner, and the Board (or, as it relates to a Unit, the Hotel Management Company) may (but shall not be required to) condition such ratification upon the same conditions which it may impose upon the giving of its prior consent under this Section.

(c) Except to the extent prohibited by law, Declarant or its Designee and the respective successors in interest or assigns of Declarant or its Designee (the term "Designee" refers to any affiliate of Declarant or the Hotel Management Company ) shall have the right, at any time and from time to time, without prior notice and without the vote or consent of the Board or any other Unit Owner or any mortgagee, to: (i) make alterations, additions or improvements, whether structural or non-structural, interior or exterior, ordinary or extraordinary, in, to and upon the Unsold Units and the Shared Facilities Unit (including changing furnishings, decor and FF&E therein); (ii) change the layout of, or number of rooms in, any Unsold Unit from time to time; (iii) change the size and/or number of Unsold Units by subdividing one or more such Units into two or more separate Units, combining separate Unsold Units (including those resulting from a subdivision or combination or otherwise) into one or more Units, and/or altering any boundary walls between any Unsold Units; (iv) if appropriate, reapportion among the Unsold Units affected by any such change in size or number pursuant to the preceding clause (iii), their percentage interests in the Allocated Interests; provided, however, that any such alteration, addition, improvement, change, reapportionment or redesignation shall not cause the Property or any portion thereof to not comply with any laws, ordinances and regulations of any governmental authorities having jurisdiction (including, without limitation, building codes, zoning ordinances and regulations of the City of Reno). The provisions of this Article 4 may not be added to, amended, modified or deleted without the prior written consent of Declarant or its Designees, or their respective successors in interest or assigns.

**4.9 Cable Television System.** Each Hotel Unit has been equipped with at least one outlet activated for connection to the cable television system serving the Project, which outlet and systems are integral parts of the Shared Facilities Unit. Additional outlets for connection to the cable television system are obtainable only from the Hotel Management Company and may be installed only by the firm or individual authorized by the Hotel Management Company to make such installation, with the prior approval of the Hotel Management Company and the payment of any required additional fees. Unit Owners and Occupants are prohibited from making any modifications to or tampering with said outlet and from making any connections to the cable television system, and the Hotel Management Company may charge any Unit Owner with the cost of locating and removing any unauthorized connections thereto and of repairing any modifications thereto. Notwithstanding anything to the contrary contained herein, the Declarant

hereby expressly reserves the right (for itself and for the Hotel Management Company) to charge any Unit Owner who wishes to subscribe to premium programming or pay-per-view service provided through such cable television system a usage charge based on such rates as Declarant or the Hotel Management Company, as the case may be, may promulgate from time to time. To the extent permitted by applicable law, Declarant's (and the Hotel Management Company's) right to impose such charges shall continue until Declarant no longer owns title to any Unit and, thereafter, the assignee of Declarant's interests in the Shared Facilities Unit (or the Hotel Management Company at the direction of such assignee) shall have any rights of the Declarant with regard to the imposition and collection of any such use charges.

**4.10 Street and Utilities Dedication.** At a meeting called for such purpose, two-thirds (2/3) or more of the Unit Owners may elect to dedicate a portion of the Common Elements to a public body for use as, or in connection with, a street or utility.

**4.11 Parking Area.** The Parking Area includes all surface parking spaces in the Project and certain elements appurtenant thereto. The Parking Area is located within the Project but does not comprise any portion of the Condominium Property. The Declarant may allocate or assign for use, spaces owned or controlled by it. Further the Declarant may prescribe such rules and regulations with respect to the Parking Area as it may deem fit. The Declarant may in its sole discretion elect to sell, assign, transfer or otherwise hypothecate any or all of the Parking Area and the spaces contained therein to any third party, and no other Unit Owner shall have any claim any proceeds of any such transaction.

## ARTICLE 5

### ADMINISTRATION

**5.1 Administration of Association.** The direction and administration of the Association shall be vested in a board of directors (herein sometimes referred to as the "Board"). The Board initially shall consist of one (1) person, and the Declarant shall have the right to designate and select the person who shall serve as the sole member of the Board (herein sometimes referred to as "Board Member"), or to exercise the powers of the Board itself, as provided in the Act. Except for Board Members designated by the Declarant, each Member of the Board shall be one of the Unit Owners, or in the event a Unit Owner is not a natural person, a representative of a Unit Owner as provided in the Bylaws and in the Act. If a director fails to meet such qualifications during such director's term, he or she shall thereupon cease to be a director, and his or her place on the Board shall be deemed vacant.

**5.2 Association.** The Association has been, or will be, formed as a nonprofit corporation under Chapter 82 of the Nevada Revised Statutes, and for the purposes and having the powers prescribed in the Act; and having the name GRAND SIERRA RESORT UNIT-OWNERS' ASSOCIATION, and shall be the governing body for all of the Unit Owners for the maintenance, repair, replacement, administration and operation of the Common Elements. The Board shall be deemed to be the "Executive Board" for the Unit Owners referred to in the Act. The Association shall not be deemed to be conducting a business of any kind, and all funds received by the Association shall be held and applied by it for the use and benefit of Unit Owners in accordance with the provisions contained herein. Each Unit Owner shall be a member of the

Association so long as he or she shall be a Unit Owner, and such membership shall automatically terminate when he or she ceases to be a Unit Owner, and upon the voluntary or involuntary transfer of his or her ownership interest the transferee thereof shall likewise succeed to such membership in the Association. The Association shall have one class of membership.

### **5.3 Voting Rights.**

(a) There shall be one Voting Member for each Unit Ownership, including the Commercial Units, Residential Units and Shared Facilities Unit. Such Voting Member may be the Unit Owner or one of the group composed of all the owners of a Unit Ownership, or be some person designated by such Unit Owner or Unit Owners or such Unit Owner's or Unit Owners' duly authorized attorney-in-fact to act as proxy on his, her or their behalf, as provided in the Bylaws. Subject to the Declarant's special Declarant's rights reserved herein, any or all such Unit Owners may be present at any open meeting and, furthermore, may vote or take any other action as a Voting Member to the extent provided in Section 5.3(b) hereof. The person(s) designated by the Declarant with respect to any Unit Ownership owned by the Declarant shall also have the right to vote at any meetings of the Association or Board for so long as the Declarant shall own one or more Units. The total number of votes of all Voting Members shall be one hundred (100). Subject to the Declarant's special Declarant's rights reserved herein, in all elections for members of the Board and in all other actions requiring a vote of the members of the Association, each Unit Owner or group of Unit Owners shall be entitled to the number of votes equal to the total of the percentage of ownership in the Common Elements applicable to his, hers or their Unit Ownership as set forth in Exhibit B.

(b) In the event the Voting Member is other than the Unit Owner, is not present at a meeting of the Association and has not voted by proxy, then if the Unit Owner is present at a meeting of the Association, such Owner shall be entitled to cast all of the votes allocated to the Unit. In the event the ownership of a Unit is composed of multiple owners and the Voting Member is not present and has not voted by proxy, then if only one of the multiple owners of a Unit is present, such owner shall be entitled to cast all of the votes allocated to that Unit Ownership. In the event more than one owner of a Unit Ownership is present, but not the Voting Member, who has not voted by proxy, the votes allocated to that Unit Ownership may be cast only in accordance with the agreement of a majority in interest of the group of owners comprising the Unit Owner who are present. Majority agreement shall be deemed to have occurred if any one of the multiple owners casts the votes allocated to that Unit Ownership without protest being made promptly to the person presiding over the meeting by any of the other owners of the Unit Ownership.

**5.4 Meetings.** Meetings of the Unit Owners and of the Board shall be held at the Property or at such other place in the City of Reno, Nevada, as may be designated from time to time by the Board.

**5.5 Board of Directors.** The initial Board designated by the Declarant pursuant to Section 5.1 hereof shall consist of one (1) director. The Declarant shall have the right to designate and replace the person who shall serve as the sole member of the Board, or to exercise the powers of the Board itself, as provided in the Act. Within sixty (60) days after conveyance of twenty-five percent (25%) of the Units that may be created from time to time, a Board

member shall be elected by Unit Owners other than the Declarant, pursuant to the procedure for electing Directors set forth in the Bylaws. Upon election of the first Board member not designated by the Declarant, the number of Board positions shall increase to three (3), and the remaining two (2) positions on the new Board shall be designated by the Declarant. Prior to the date on which the period of Declarant's control of the Association terminates, the Declarant shall have the right to designate and replace the two persons designated by the Declarant to serve on the Board. Not later than the date on which the period of Declarant's control of the Association terminates, all three Board members shall be elected by the Unit Owners pursuant to the procedure for electing directors set forth in the Bylaws. In all elections for Members of the Board, votes shall be tabulated pursuant to Section 5.3(a) above, and the candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected. Any candidate for election to the Board, and such candidate's representative, shall have the right to be present at the counting of ballots at such election. All elected members of the Board shall be elected at large. At a meeting to be held no later than sixty (60) days after the date the Declarant has sold and delivered its deed for at least seventy-five percent (75%) of the Unit Ownerships, secret ballots for the election of all three (3) members of the Board from among the Unit Owners shall be opened and counted. All elected Board members shall serve for a term of one (1) year each. The Unit Owners owning at least two-thirds (2/3) of the Unit Ownerships may from time to time at any annual or special meeting increase or decrease the term of office of Board members, provided that the terms of at least one-third (1/3) of the persons on the Board shall expire annually. Except as otherwise provided in this Declaration, the Board shall act by majority vote of those present at its meetings when a quorum exists. A majority of the total number of Members on the Board shall constitute a quorum. Any member of the Board may succeed himself or herself.

(a) The Declarant may appoint all officers during the period of Declarant's control. The term of office for each officer shall be until such officer's successor shall be duly elected or appointed and qualified, pursuant hereto and pursuant to the Bylaws. Officers shall serve at the will of the Board. Any officer may succeed himself or herself.

(b) Within sixty (60) days after the date the Declarant has sold and delivered its deed for at least seventy-five percent (75%) of the Unit Ownerships, the Declarant shall deliver to the Board the following:

(1) All original documents as recorded or filed pertaining to the Property, its administration, and the Association, such as this Declaration, Articles of Incorporation for the Association, other condominium instruments, annual reports, a minute book containing the minutes of any meetings held by the Association and any rules and regulations governing the Property, contracts, leases, or other agreements entered into by the Association. If any original documents are unavailable, copies may be provided if certified by affidavit of the Declarant, or an officer or agent of the Declarant, as being a complete copy of the actual document recorded or filed;

(2) A detailed accounting by the Declarant, setting forth the source and nature of receipts and expenditures in connection with the management,



maintenance and operation of the Property and copies of all insurance policies and a list of any loans or advances to the Association which are outstanding;

(3) Any Association funds on hand, or control of the accounts containing such funds, which shall have been at all times segregated from any other funds of the Declarant;

(4) A schedule of all real or personal property, equipment and fixtures owned by the Association, including documents such as invoices or bills of sale, if available, evidencing transfer of title to such property, warranties, if any, for all real and personal property and equipment, deeds, title insurance policies, and all tax bills;

(5) A list of all litigation, administrative actions and arbitrations involving the Association, any notices of governmental bodies involving actions taken or which may be taken by the Association, engineering and architectural drawings and specifications as approved by any governmental authority, all other documents filed with any other governmental authority, all governmental certificates, correspondence involving enforcement of any Association requirements, copies of any documents relating to disputes involving Unit Owners and originals of all documents relating to everything listed in this subparagraph; and

(6) All other materials and information prescribed by the Act.

**5.6 General Powers of the Board.** The Board shall have the following general powers:

(a) The Board or its agents, upon reasonable notice, may enter any Unit when necessary in connection with any maintenance, repair or replacement or construction for which the Board is responsible or to make emergency repairs as may be necessary to prevent damage to the Common Elements.

(b) The Board shall have the power and duty to provide for the designation, hiring, and removal of employees and other personnel, including lawyers and accountants, engineers or architects, to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management, and operation of the Common Elements, and to delegate any such powers to a manager or managing agent (and any such employees or other personnel as may be employees of the managing agent).

(c) The Board shall have the power to exercise all other powers and duties of the Board or Unit Owners as a group referred to in this Declaration or the Act. More specifically, the Board shall exercise for the Association all powers, duties and authority vested in it by law or this Declaration except for such powers, duties and authority reserved thereby to the members of the Association. The powers and duties of the Board shall include, but shall not be limited to, the following matters:

- (i) Operation, care, upkeep, maintenance, replacement and improvement of the Common Elements in a neat and orderly manner and as necessary or desirable for the operation of the Condominium as a first-class hotel condominium as determined by the First-Class hotel standard established by the Declarant and the Hotel Management Company;
- (ii) Preparation, adoption and distribution of the annual budget for the Association;
- (iii) Levying of assessments for Common Expenses and collection thereof from Unit Owners and expenditure of amounts collected;
- (iv) Borrowing funds;
- (v) Employment and dismissal of the personnel necessary or advisable for the maintenance and operation of the Common Elements;
- (vi) Obtaining adequate and appropriate kinds of insurance;
- (vii) Purchasing and receiving conveyances of Unit Ownerships and owning, conveying, mortgaging, encumbering, leasing and otherwise dealing with Unit Ownerships conveyed to or purchased by it;
- (viii) Promulgation and amendment of rules and regulations covering the details of the operation and use of the Common Elements;
- (ix) Keeping of detailed, accurate records of the receipts and expenditures affecting the use of the Common Elements and operation of the Association;
- (x) To have access to each Unit from time to time as may be necessary for the maintenance, repair or replacement of any Common Elements therein or accessible therefrom, or for making repairs therein necessary to prevent damage to the Common Elements;
- (xi) Pay real property taxes, special assessments, and any other special taxes or charges of the State of Nevada or of any political subdivision thereof, or other lawful taxing or assessing body, which are authorized, by law to be assessed and levied upon the real property of the Condominium and are not payable by Unit Owners directly;
- (xii) Impose charges for late payments of a Unit Owner's proportionate share of the Common Expenses, or any other expenses lawfully agreed upon, and after notice and an opportunity to be heard, levy reasonable fines for violation of this Declaration and rules and

regulations of the Association, pursuant to the procedures prescribed by the Act;

- (xiii) By a majority vote of the entire Board, assign the Association's right to future income from Common Expenses or other sources, and mortgage or pledge substantially all of the remaining assets of the Association;
- (xiv) Record the granting of an easement pursuant to the provisions of Section 4.3 hereof and any instruments required elsewhere in this Declaration; and
- (xv) Except to the extent limited by this Declaration and the Act, the Board shall have the power and duty to exercise the rights of, and perform all of the covenants and obligations imposed upon, the Association or the Unit Owners and to execute any and all instruments required pursuant thereto.

(d) Subject to the provisions of Section 4.6 and Section 6.8 hereof, the Board, for the benefit of all the Unit Owners, shall acquire and shall pay as Common Expenses, the following:

- (i) Operating expenses of the Common Elements, including utility services to the extent not separately metered or charged as Shared Facilities Expenses or Hotel Expenses;
- (ii) Services of any person or firm to act on behalf of the Unit Owners in connection with real estate taxes and special assessments on the Unit Ownerships, and in connection with any other matter where the respective interests of the Unit Owners are deemed by the Board to be similar and nonadverse to each other;
- (iii) Maintenance, repair, and replacement of the Common Elements;
- (iv) Any other materials, supplies, utilities, equipment, labor, services, maintenance, repairs or structural alterations which the Board is required to secure or pay for pursuant to the terms of this Declaration or the Bylaws;
- (v) Any amount necessary to discharge or bond around any mechanics' lien or other encumbrance levied against the Common Elements. Where one or more Unit Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it or bonding around said lien, in the discretion of the Board, and any costs incurred by the Board by reason of said lien or liens shall be specifically assessed to said Unit Owners.

(e) Prior to the election by the Voting Members of the first elected member of the Board, the Declarant shall, subject to the terms of this Declaration and the Act, have the

authority to lease or to grant licenses, concessions, easements, leases and contracts with respect to any part of the Common Elements, all upon such terms as the Declarant deems appropriate. Upon election of the first elected member of the Board, and thereafter, the Board by a vote of at least two-thirds (2/3) of the persons on the Board shall have the same authority as aforesaid.

(f) The Board shall have the power to bid for and purchase any Unit Ownership at a sale pursuant to a mortgage foreclosure, or a foreclosure of a lien for Common Expenses under the Act, or at a sale pursuant to an order of direction of a court, or other involuntary sale, upon the prior consent or approval of Voting Members representing not less than two-thirds (2/3) of the total votes.

(g) The Association shall have no authority to forebear the payment of assessments by any Unit Owner, except as part of the settlement of an arbitration or court action.

### **5.7 Insurance.**

(a) The Board shall have the authority to and shall obtain not later than the time of the first conveyance of a Unit to a person other than a Declarant, and maintain insurance for the Association and/or Property as follows:

- (i) Commercial General Liability insurance insuring against claims and liabilities arising in connection with the ownership, existence, use or management of the Property, hazards of premises/operation, products and completed operations, contractual liability, personal injury liability, independent contractors and other extensions as deemed necessary by the Board. Such insurance shall provide limits of liability as deemed desirable by the Board, but in no event for less than One Million Dollars (\$1,000,000.00) with respect to each occurrence and Five Million Dollars (\$5,000,000) in aggregate coverage. Such policy shall be endorsed to cover cross-liability claims of one insured against the other, and shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner on account of the negligent acts of the Association or another Unit Owner. Such insurance coverage shall insure the Board, the Association, the management agent, and their respective directors, officers, managers, members, partners, employees and agents and all persons acting as agents. The Declarant must be included as an additional insured in its capacity as a Unit Owner, manager, Board member or officer. The Unit Owners must be included as additional insured parties but only for claims and liabilities arising in connection with the ownership, existence, use or management of the Shared Facilities Unit, their Units and the Common Elements. The insurance must include coverage for medical payments.

- (ii) A crime policy, with fidelity bond, insuring the Association, the Board, the Unit Owners, the management agent, if any, and its employees who control or disburse funds of the Association, and the Declarant in its capacity as a Unit Owner and Board member, against loss of funds as a result of the fraudulent or dishonest acts of any employee of the Association or its management company or of any other person handling the funds of the Association, the Board or the Unit Owners in such amounts as the Board shall deem necessary but not less than Five Hundred Thousand Dollars (\$500,000). Such policy shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression. Such policy and bond shall provide that they may not be canceled for non-payment of any premiums without at least ten (10) days' prior written notice to the Board.
- (iii) Directors and Officers Liability insurance in such amounts as the Board shall determine to be reasonable. Directors and Officers Liability coverage must cover actions taken by the Board and officers in their official capacity as Directors and officers, for liability asserted against them whether or not the Association has the authority to indemnify them against such liability and expenses, provided that no financial arrangement made may provide protection for a person adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable for intentional misconduct, fraud or a knowing violation of law, except with respect to advancement of expenses or indemnification ordered by a court, or as otherwise provided by this Declaration or the Bylaws of the Association.
- (iv) As a separate physical damage insurance policy for the Condominium is not reasonably available, the Association, and all Unit Owners by category, shall be named as additional insureds on a physical damage insurance policy for the Building that shall be maintained by the Declarant. Such policy shall provide for insurance, after application of any deductibles, in an amount not less than eighty percent (80%) of the actual cash value of the insured property at the time the insurance is purchased and at each renewal date; exclusive of land, excavations, foundations and other items normally excluded from property policies. The Association and all Unit Owners shall reimburse the Declarant for a portion of the costs of such policy, pursuant to the formula set forth in Exhibit B. Any deductible under such policy, payable for a loss related to the Condominium, shall be paid by the Association as a Common Expense in the proportion that the loss of Condominium property bears to the total loss.

- (v) Such other insurance in such forms and amounts as the Board shall deem desirable.

The premiums for this insurance and bond, except as otherwise provided in this Section 5.7, shall be Common Expenses. The Board may, in the case of a claim for damage to a Unit or the Common Elements, (x) pay the deductible amount as a Common Expense, (y) after notice and an opportunity for a hearing, assess the deductible amount against the Unit Owners who caused the damage or from whose Units the damage or cause of loss originated, or (z) require the Unit Owners of the Units affected to pay the deductible amount.

(b) All insurance provided for in this Section 5.7 shall be effected under valid and enforceable policies issued by insurance companies authorized and licensed to transact business in the State of Nevada, or authorized surplus lines carriers, and holding a current Policyholder's Alphabetic and Financial Size Category Rating of not less than A-/VIII according to Best's Insurance Reports - International Edition or a substantially equivalent rating from a nationally-recognized insurance rating service, or such lower rating as may be prudent given the cost and availability of insurance coverages at a given time. All such policies shall provide a minimum of ten (10) days advance written notice to the Board (on behalf of the Association) if such policy is to be canceled or not renewed.

(c) All policies of insurance of the character described in Section 5.7(a)(i): (i) shall be without contribution as respects other such policies of insurance carried individually by the Unit Owners, whether such other insurance covers their respective Units or the additions and improvements made by such Unit Owners to their respective Unit; (ii) shall provide that no act or omission by any Unit's owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; (iii) shall contain an endorsement to the effect that such policy shall not be terminated for nonpayment of premiums without at least ten (10) days' prior written notice to the Board. Notwithstanding the issuance of standard mortgage clause endorsements under the policies of insurance of the character described in Section 5.7(a)(i), any losses under such policy shall be payable, and all insurance proceeds recovered thereunder shall be applied and disbursed, in accordance with the provisions of this Declaration.

(d) Insurance Policies carried pursuant to this Section 5.7 shall include each of the following provisions: (1) each Unit Owner, and secured party (including; without limitation, any First Mortgagee), if applicable is an insured person under the policy with respect to liability arising out of the Unit Owner's interest in the Common Elements or membership in the Association; (2) the insurer waives its right to subrogation under the policy against any Unit Owner or members of the Unit Owner's household or other Occupants; the Association; members of the Board; the Declarant; the management company and their respective employees and agents; and (3) the Unit Owner waives his or her right to subrogation against the Association and the Board.

(e) The Association, for the benefit of the Unit Owners and the First Mortgagee of each Unit Ownership, shall pay the premiums and obtain a binder on the policies of insurance described in Sections 5.7(a)(i), (ii), (iii), and (v), at least fifteen (15) days prior to the expiration

date of the respective policies, and upon written request therefor, shall notify the First Mortgagee of each Unit Ownership of such payment within ten (10) days after the date on which payment is made.

(f) As specified in Sections 5.7(a)(i) and (iv), the Association will obtain a policy of commercial general liability insurance, and the Declarant will obtain a policy of physical damage insurance, in which the Unit Owners by category are named as additional insureds with respect to their Units, the Shared Facilities Unit, and the Common Elements, and the Unit Owners will be required to pay assessments to the Association and reimburse the Declarant for their proportionate share of the coverage provided under such policies of insurance. The policies obtained by the Association and/or the Declarant covering the Unit Owners will be upon such terms, including deductibles and retentions, covered losses and exclusions, term and price, as the Association and/or the Declarant shall determine, in their sole discretion. Any Unit Owner who desires additional coverage for their Unit, including reduced deductibles or increased retentions or additional covered losses, shall be required to obtain his or her own policy of insurance. The Association and/or the Declarant will annually provide to the Unit Owners a description of insurance coverage applicable to the Unit Owners, and will provide a copy of such insurance policies upon request. If the Association or the Declarant determines that it will modify the terms of the coverage of Unit Owners on any policy of commercial general liability or physical damage insurance, the Association or the Declarant will provide at least thirty (30) days' prior written notice to each Unit Owner in order to allow such Unit Owner to obtain additional coverage. Except as otherwise procured by the Association pursuant to Section 5.7, each Unit Owner shall be responsible for physical damage insurance on any additions, alterations, improvements and betterments to such Unit Owner's Unit (whether installed by such Unit Owner or any prior Unit Owner or whether originally in such Unit) to the extent not covered by the policies of insurance obtained by the Declarant for the benefit of all Unit Owners. Any policy of insurance carried by a Unit Owner shall be without contribution with respect to the policies of insurance obtained by the Association or Declarant for the benefit of all of the Unit Owners.

(g) The Board shall not be responsible for obtaining physical damage insurance on any additions, alterations, improvements and betterments to a Unit or any personal property of a Unit Owner or any other insurance for which a Unit Owner is responsible pursuant to Section 5.7(g). In the event the Board does carry such insurance, and the premium therefor is increased due to additions, alterations, improvements and betterments of a Unit Owner, then the Board may assess against such Unit Owner such increased premium.

(h) Each Unit Owner hereby waives and releases any and all claims which such Unit Owner may have against any other Unit Owner, the Association, its officers, members of the Board, Declarant, the Hotel Management Company, and their respective members, managers, partners, officers, directors, employees and agents, for any damage to the Common Elements, the Units, or to any personal property located in any Unit or Common Elements caused by fire or other casualty to the extent that such damage is covered by fire or other form of casualty insurance or would be covered by insurance for which such Unit Owner is responsible pursuant to Section 5.7(f).

(i) The Board shall have the right to select substantial deductibles to the insurance coverages required or permitted under this Section 5.7 if the economic savings justifies the

additional risk and if permitted by law. Expenses included within the deductible amount arising from insurable loss or damage shall be treated as Common Expenses.

**5.8 Liability of the Board of Directors and Officers of the Association.** Neither the members of the Board, the officers of the Association, the Declarant, the Hotel Management Company or any members of their respective managers, partners, officers, directors or employees (collectively, the "Indemnified Parties") shall be liable to the Unit Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such members, officers, directors, or employees, as the case may be, except for any acts or omissions finally adjudged by a court to constitute intentional misconduct, fraud, or knowing violation of the law. The Unit Owners (including the members of the Board and the officers of the Association in their capacity as Unit Owners) shall defend, indemnify and hold harmless each of the Indemnified Parties against all contractual and other liabilities to others arising out of contracts made by or other acts of the Indemnified Parties on behalf of the Unit Owners or arising out of their status as Board members or officers of the Association, or officers, directors or employees of the Hotel Management Company, as the case may be, unless any such contract or act shall have been finally adjudged by a court to have been made fraudulently or with knowing violation of the law. It is intended that the foregoing indemnification shall include indemnification against, and payment of, all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid or received in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative, or other, in which any member of the Indemnified Parties may be involved by virtue of such persons being or having been such member, officer, director or employee; provided, however, that such indemnity shall not be operative with respect to (a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for intentional misconduct, fraud, or knowing violation of the law in the performance of his or her duties as such member, officer, director or employee; or (b) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such persons being adjudged liable for intentional misconduct, fraud, or knowing violation of the law in the performance of his or her duties as such member, officer, director or employee. It is also intended that the liability of any Unit Owner arising out of any contract made by or other acts of any of the Indemnified Parties, or out of the aforesaid indemnity in favor of the members of any of the Indemnified Parties, shall be limited to such proportion of the total liability hereunder as such Unit Owner's percentage of interest in the Common Elements bears to the total percentage interest of all the Unit Owners in the Common Elements. Every agreement made by the Board on behalf of the Unit Owners shall be deemed to provide that the members of the Board are acting only as agents for the Unit Owners, and shall have no personal liability thereunder (except as Unit Owners) and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as such Unit Owner's percentage of interest in the Common Elements bears to the total percentage interest of all Unit Owners in the Common Elements.

**5.9 Resale of Units.** In the event of a resale (i.e., any sale made after the initial sale) of any Unit Ownership by a Unit Owner other than the Declarant, and within ten (10) days after the written request by such Unit Owner, the Board shall deliver a certificate to such Unit Owner sufficient to enable the Unit's Owner to comply with NRS 116.4109(1), or any other requirements of the Act.



## 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

described in this Section 6.10(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.

## ARTICLE 7

### **HOTEL COVENANTS AND RESTRICTIONS AS TO USE AND OCCUPANCY**

**7.1 Covenants and Restrictions as to Use, Occupancy and Maintenance.** The Property shall be occupied and used as follows:

(a) Each Hotel Unit shall be used for short-term transient occupancy or, if permitted by law, for longer-term occupancy. The Private Shared Facilities shall be used by the Shared Facilities Unit Owner and, to the extent authorized by the Shared Facilities Unit Owner, the Hotel Management Company, for use as office space, storage space, housekeeping space and any other purposes for which such space is necessary, appropriate or desirable in the operation of a condominium hotel consistent with the standard set forth in Section 4.5(c) hereof. The Public Shared Facilities shall be used by Declarant, the Hotel Management Company, the Association, Unit Owners, Occupants, Hotel Guests and their respective invitees and permittees as common hallways, elevators, stairwells, corridors, entrances, exits and such other purposes for which such Public Shared Facilities are designed for the smooth and efficient operation of the Property. The Commercial Units shall be used for the purposes contemplated in this Declaration. A Hotel Unit may be made available to the public for rental when not occupied by the Unit Owner thereof or individuals designated by such Unit Owner. Unit Owners must comply with all of the provisions of this Declaration and of the Bylaws and rules and regulations with respect to hotel operation. All Unit Owners of Hotel Units are required to enter into a Unit Maintenance Agreement with the Hotel Management Company (in the form then in use by the Hotel Management Company) and each Unit Owner of a Hotel Unit will be required to be a party to such Unit Maintenance Agreement for so long as such Unit Owner owns a Hotel Unit in the Condominium, and no Unit Owner of a Hotel Unit shall have the right to opt out of receiving the services to be provided pursuant to the Unit Maintenance Agreement or the fees, costs or charges to be paid for such services. This obligation to enter into and comply with all provisions of such Unit Maintenance Agreement shall run with and burden each Hotel Unit, and all Persons having or acquiring any right, title or interest in each Unit, or any part thereof, and their successive owners, successors and assigns, and shall be enforceable as covenants running with the land and/or equitable servitudes. All Unit Owners of a Hotel Unit will receive the services specified in the Unit Maintenance Agreement at the costs and upon the other terms and conditions set forth therein, and all costs to provide such services shall be paid by the Unit Owner of a Hotel Unit to the Hotel Management Company as and when due pursuant to the terms and conditions of the Unit Maintenance Agreement. The costs to provide such services are in addition to the Common Expenses, Shared Facilities Expenses and Hotel Expenses hereunder. Notwithstanding the foregoing or anything contained in the Bylaws or the rules and regulations to the contrary, Declarant or its Designee (or their respective successors in interest and assigns) may, without the permission of the Board: (a) use or grant permission for the use of any Unsold Unit for any purpose, including but not limited to use as a model or sales office, subject only to compliance with applicable governmental laws and regulations, and (b) lease Unsold Units to any party(ies), whether on a transient, short-term, long-term or other basis.

(b) There shall be no obstruction of the Common Elements or the Public Shared Facilities nor shall anything be stored in the Common Elements (except in areas designed for such purpose) or the Public Shared Facilities, without the prior consent of the Board (or, as it relates to the Public Shared Facilities, the Owner of the Shared Facilities Unit), or except as hereinafter expressly provided. Each Unit Owner shall be obligated to maintain and keep in good order and repair such Unit Owner's own Unit.

(c) Nothing shall be done or kept in any Unit, or in the Common Elements serving the Units, or in the Public Shared Facilities which will increase the rate of insurance on the Building, Parcel, Property, Common Elements, or contents thereof without the prior written consent of the Owner of the Shared Facilities Unit and the Declarant. In any case, the Unit Owner shall be responsible for payment of any such increase. No Unit Owner shall permit anything to be done or kept in such Unit Owner's Unit, in the Common Elements or the Public Shared Facilities which will result in the cancellation of any insurance, or which would be in violation of any law. No waste shall be committed in the Common Elements or the Public Shared Facilities.

(d) In order to enhance the sound conditioning of the Building, the floor covering for all occupied Units shall meet the minimum standard as may be specified by the Hotel Management Company; provided, however, that the floor covering existing in any Unit as of the date of the recording of this Declaration shall be deemed in compliance with any such rules and regulations.

(e) No household pets or reptiles shall be raised, bred or kept in any Unit (including, without limitation, the Shared Facilities Unit) or the Common Elements; provided, however, that household pets may be kept in Hotel Units with the prior permission of, and in accordance with rules established by, the Hotel Management Company, and household pets may be kept in Residential Units with the prior permission of, and in accordance with rules established by, the Board.

(f) No noxious, unlawful or offensive activity shall be carried on in any Unit (including the Shared Facilities Unit) or in the Common Elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or Occupants or which shall in the judgment of the Board or the Hotel Management Company cause unreasonable noise or disturbance to others.

(g) Nothing shall be done in any Unit or in, on or to the Common Elements or the Public Shared Facilities which will impair the structural integrity of the Building, or which would structurally change the Building, except as is otherwise provided herein. No Unit Owner shall overload the electric wiring in the Building, or operate machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board or the Hotel Management Company, an unreasonable disturbance to others, or connect any machines, appliances, accessories or equipment to the heating or plumbing system, without the prior written consent of the Board or the Hotel Management Company. No Unit Owner shall overload the floors of any Unit. Any furnishings which may cause floor overloads shall not be placed, kept or used in any Unit except only in accordance with advance written Board approval and Hotel Management Company approval.

(h) No Unit Owner shall display, hang, store or use any clothing, sheets, blankets, laundry or other articles, or any signage (including, without limitation, any "For Sale", "For Rent" or similar signage, or any other signage), outside such Unit Owner's Unit, in the Shared Facilities Unit, in the Common Elements or which may be visible from the outside of such Unit Owner's Unit (other than draperies, curtains or shades of a customary nature and appearance, subject to the rules and regulations of the Board and criteria established by the Hotel Management Company), or paint or decorate or adorn the outside or inside of such Unit Owner's Unit, or install outside such Unit Owner's Unit any canopy or awning, or outside radio or television antenna, dish or other receptive or transmitting device, or other equipment, fixtures or items of any kind, without the prior written permission of the Board and the Hotel Management Company; provided, however, that the foregoing shall not apply to the Declarant as to advertising activities or as to the exercise of other developmental rights or special Declarant's rights reserved herein. Unit Owners may display the Flag of the United States of America in their Unit, only if affixed to a freestanding flagpole and located in a corner of the Unit so as not to obstruct the use of the Unit, and otherwise displayed and maintained in compliance with federal and Nevada law. Final size and placement of the Flag within the Unit shall be approved by the Hotel Management Company.

(i) Articles of personal property belonging to any Unit Owner, such as baby carriages, bicycles, wagons, toys, furniture, clothing and other articles, shall not be stored or kept in any area constituting part of the Common Elements or the Public Shared Facilities.

(j) No use of a Unit or the Public Shared Facilities shall be conducted, maintained or permitted to the extent same is in violation of the uses permitted hereunder or under any applicable laws, statutes, codes, regulations or ordinances governing the Property from time to time (including, without limitation, the relevant provisions of City of Reno ordinances).

(k) During the period that the Declarant, or its respective agents, successors or assigns, are engaged in the marketing, sales or leasing of Units (including Units in any Additional Parcel) or the sales or leasing of any portion of the Building, or performing work in or about the Building, Declarant and its respective agents, employees, successors, assigns, contractors, subcontractors, brokers, licensees and invitees (and each of them) shall be entitled to (i) have access, ingress and egress to and from the Building and Common Elements and use such portion of the Building, Common Elements or the Shared Facilities Unit as may be necessary or desirable in connection with such marketing, sales, leasing of Units or performance of work; (ii) use or show one or more Unsold Units or portion or portions of the Common Elements or Shared Facilities Unit as a model Unit or Units for sale, or lease, sales office, construction, or refurbishment office or administrative or management office or for such other purposes deemed necessary or desirable in connection with such construction, refurbishment, administration, marketing, sales or leasing of Units or performing work in or about the Building; (iii) post and maintain such signs, banners and flags, or other advertising material in, on or about the Building, Common Elements and the Shared Facilities Unit in such form as deemed desirable by Declarant, and as may be deemed necessary or desirable in connection with the marketing, sales, leasing or management of Units or the sales, leasing or advertising

of any portion of the Building, or performing work in or about the Building or in connection with (i) and (ii) above; and (iv) complete or correct construction of, or make alterations of and additions and improvements to, the Units (including, without limitation, the New Construction Units or any elements of the Future Expansion Parcel), the Common Elements and the Shared Facilities Unit in connection with any of the Declarant's activities in connection with the construction, promotion, marketing, sales or leasing of the Units or performing work in or about the Building. The foregoing are in addition to and not in limitation of the rights granted under Section 4.3(c) hereof. The foregoing and the rights granted under Section 4.3(c) hereof shall not be amended or modified in any manner without the express written consent of the Declarant or its successors or assigns.

(l) Except for the Unit Owner of a Commercial Unit, Residential Unit, or the Shared Facilities Unit, Unit Owners will be obligated to furnish, decorate and equip their Units at their expense in the manner directed by the Owner of the Shared Facilities Unit or Hotel Management Company, including furnishing; decorating and equipping their Units with the FF&E prescribed by the Hotel Management Company from time to time. In addition, all Unit Owners shall be required to comply with the FF&E obligations set forth in Section 4.5(b)(i) hereof.

(m) The provisions of the Act, this Declaration and rules and regulations that relate to the use of the individual Unit or the Common Elements shall be applicable to any person leasing a Unit Ownership and shall be deemed to be incorporated in any lease executed in connection with a Unit Ownership. The Board may bring any appropriate legal action against a tenant, for any breach by a tenant of any covenants, rules, regulations or bylaws, without excluding any other rights or remedies.

(n) Notwithstanding any provision in this Declaration to the contrary, the following provisions shall apply to the Commercial Units: (a) Unit Owners, Occupants, and tenants of any Commercial Unit and their customers, employees, and invitees shall not be restricted by any amendments to this Declaration or the Bylaws, or by any rules or regulations adopted by the Board (including, without limitation, rules or regulations relating to hours of use), in their reasonable use of any Commercial Unit in conformity with state and local law and their reasonable use of the Common Elements and the Public Shared Facilities (including lobby areas, halls, corridors, and other facilities) in the ordinary course of the commercial activities for which a Commercial Unit is used; (b) the Declarant reserves the right to make such improvements or alterations to any such Commercial Unit and to locate and relocate Common Elements from time to time as the Declarant may deem necessary or desirable for the purpose of improving the operation of and access to any such Commercial Unit, and the Declarant reserves the right to install such utility lines in the Common Elements for the purpose of providing utility service to any such Commercial Unit; (c) there shall be no obstruction of any lobby entrances, passageways, corridors, or other portions of the Common Elements or the Public Shared Facilities which serve a Commercial Unit during hours when such Commercial Unit is in operation; (d) the Unit Owner of a Commercial Unit shall have the right to install and maintain signs within such Commercial Unit and, subject to reasonable restrictions imposed by the Hotel Management Company designed to protect the luxury hotel

character of the Condominium, exterior signs, awnings, and canopies in and on the Building; (e) the Unit Owner of a Commercial Unit shall be eligible to be a member of the Board, and no residency requirement for Board membership shall be applicable to the Unit Owner of such Commercial Unit; (f) no special user or service charges for the use of Common Elements, which are not similarly assessed against other Unit Owners, shall be assessed against the Unit Owner of a Commercial Unit; and (g) the Declarant, as the initial Unit Owner of the Commercial Units, shall have the right to convert (at any time) the Commercial Units into Hotel Units or into part of the Shared Facilities Unit, or to combine or subdivide Commercial Units and reallocate their Allocated Interests, to be determined by Declarant in its sole and absolute discretion, and Declarant shall not require the consent of the Association or any Unit Owner in connection with such conversion, combination or subdivision. Neither this Section 7.1(n) nor Section 7.1(a) above or Section 7.1(o) below as it applies to any Commercial Unit shall be amended or rescinded except upon the approval by a vote of all of the Unit Owners.

(o) Notwithstanding anything to the contrary contained herein, in no event shall Declarant be obligated to operate, or cause any third party to operate, a restaurant or spa facility within the Condominium.

(p) The Shared Facilities Unit Owner shall have the right to impose, from time to time, rules, regulations and restrictions on the use of the Public Shared Facilities, so long as such rules, regulations and restrictions do not materially adversely affect the right of the Unit Owners, Occupants, Hotel Guests and the Association to use and occupy the Property for the purposes described herein.

## ARTICLE 8

### **DAMAGE, DESTRUCTION, CONDEMNATION AND RESTORATION OF BUILDING**

**8.1 Application of Insurance Proceeds.** In the event the improvements forming a part of the Property, or any portion thereof, including any Units, shall suffer damage or destruction from any cause and the proceeds of any policy or policies insuring against such loss or damage, and payable by reason thereof, plus Capital Reserves, shall be sufficient to pay the cost of repair, restoration or reconstruction, then such restoration, repair, replacement or reconstruction shall be undertaken and the insurance proceeds and, if necessary, the Capital Reserve shall be applied by the payee of such insurance proceeds in payment therefor; provided, however, that in the event (a) the common-interest community is terminated; (b) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; (c) one hundred percent (100%) of the Voting Members vote not to rebuild, repair, or replace; or (d) within one hundred eighty (180) days after said damage or destruction, all of the Unit Owners elect either to sell the Property as hereinafter provided in Article 9 or to withdraw the Property from the provisions of this Declaration and from the provisions of the Act as therein provided, then such restoration, repair, replacement, or reconstruction shall not be undertaken. If the entire damaged Property is not restored, repaired, replaced or reconstructed, the proceeds attributable to the damaged Common Elements must be used to restore the damaged Common

Elements to a condition compatible with the remainder of the Common Elements. The proceeds attributable to Units that are not restored, repaired, replaced, or reconstructed must be distributed to the owners of those Units, or to First Mortgagees, as their interests may appear; and the remainder of the proceeds must be distributed to all the Units' owners or First Mortgagees, as their interests may appear in proportion to the interests of all the Units in the Common Elements as shown on Exhibit B. If the Unit's owners vote not to restore, repair, replace, or reconstruct any Unit, that Unit's allocated interests are automatically reallocated upon the vote as if the Unit had been condemned, and the Association shall prepare, execute and record an amendment to the Declaration reflecting the reallocations.

## **8.2 Eminent Domain**

In the event any portion of the Property is taken by condemnation or eminent domain proceedings, provision for withdrawal of the portions so taken from the provisions of the Act may be made by the Board. Upon the withdrawal of any Unit or portion thereof due to eminent domain, the percentage of Allocated Interests appurtenant to such Unit or portion so withdrawn shall be reallocated among the remaining Units on the basis of the percentage of interest of each remaining Unit, and the Association shall promptly prepare, execute and record an amendment to the declaration reflecting the reallocations. The allocation of any condemnation award or other proceeds to any withdrawing or remaining Unit Owner shall be on an equitable basis, which need not be a Unit's percentage interest. If part of the Common Elements is acquired by eminent domain, the portion of the award attributable to the common elements taken must be paid to the Association. Upon the withdrawal of any Unit or portion thereof, the responsibility for the payment of assessments on such Unit or portion thereof by the Unit Owner shall cease. The Association shall represent the Unit Owners, other than the Shared Facilities Unit Owner, in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for the acquisition of the Common Elements or any part thereof, and the Association is hereby appointed as attorney-in-fact for such Unit Owners to represent the Unit Owners in any condemnation proceedings, or in negotiations, settlements and agreements with the condemning authority relating to such acquisitions of the Common Elements or any part thereof.

**8.3 Repair, Restoration or Reconstruction of the Improvements.** As used in this Article, "restoration, repair, replacement or reconstruction" of improvements means restoring the improvements to substantially the same condition in which they existed prior to the damage or destruction, with each Unit and Common Element having the same vertical and horizontal boundaries as before, unless, if allowed by the Act, other action is approved by the Voting Members representing at least eighty percent (80%) of the votes in the Association. Any repair, restoration or reconstruction shall be in accordance with law and this Declaration.

## **ARTICLE 9**

### **SALE OF THE PROPERTY**

**9.1 Sale.** At a meeting duly called for such purpose and open to attendance by all Unit Owners, the Unit Owners by affirmative vote of Unit Owners who own eighty percent (80%) or more in the aggregate of the entire percentage ownership interest in the Common Elements may elect to sell the Property as a whole. Within ten (10) days after the date of the

meeting at which such sale is approved, the Board shall give written notice of such action to each First Mortgagee. Such action shall be binding upon all Unit Owners, and it shall thereupon become the duty of every Unit Owner to execute and deliver such instruments and to perform all acts as in manner and form may be necessary to effect such sale.

## ARTICLE 10

### **MISCELLANEOUS PROVISIONS RESPECTING MORTGAGES**

**10.1     Mortgages.** The following provisions are intended for the benefit of each holder of a recorded first mortgage or trust deed encumbering a Unit Ownership ("First Mortgagee") and to the extent, if at all, that any other provisions of this Declaration conflict with the following provisions, the following provisions shall control:

(a)     Upon request in writing to the Association identifying the name and address of the First Mortgagee, or the insurer or guarantor of a recorded first mortgage or trust deed on a Unit ("Insurer or Guarantor") and the Unit number, the Association shall furnish each First Mortgagee, Insurer or Guarantor a written notice of any default by a Unit Owner of that Unit Owner's obligations under this Declaration which is not cured within thirty (30) days. Any First Mortgagee of a Unit, as well as any other holder of a prior recorded mortgage on a Unit Ownership, who comes into possession of the Unit Ownership pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure shall, to the extent permitted by law, take such property free of any claims for unpaid assessments or charges in favor of the Association against the mortgaged Unit Ownership which become due prior to (i) the date of the transfer of title or (ii) the date on which the holder comes into possession of the Unit Ownership, whichever occurs first (except for any sums which are reallocated among the Unit Owners pursuant Article 11 hereof).

(b)     Upon request in writing, each First Mortgagee, Insurer or Guarantor shall have the right:

- (i)     to examine current copies of this Declaration, the By Laws, the Articles of Incorporation of the Association, current rules and regulations and the books, records and financial statements of the Association, by prior appointment, during normal business hours;
- (ii)    to receive, without charge and within a reasonable time after such request, an audited financial statement for the Association for the preceding fiscal year, and an audited financial statement for each fiscal year must be available within one hundred twenty (120) days after the end of such fiscal year;
- (iii)   to receive written notices of all meetings of the Association and to designate a representative to attend all such meetings;



- (iv) to receive written notice of any decision by the Unit Owners to make a material amendment to this Declaration, the Bylaws, or Articles of Incorporation;
- (v) to receive written notice of any lapse, cancellation or modification of any insurance policy or fidelity bond maintained by or on behalf of the Association; and
- (vi) to receive written notice of any action which would require the consent of a specified percentage of First Mortgagees.

(c) No provision of this Declaration or the Articles of Incorporation of the Association or any similar instrument pertaining to the Property or the Units therein shall be deemed to give a Unit Owner or any other party priority over the rights of the First Mortgagees pursuant to their mortgages in the case of distribution to Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of the Units, or the Common Elements, or any portion thereof or interest therein. In such event, the First Mortgagees, Insurers or Guarantors of the Units affected shall be entitled, upon specific written request, to timely written notice of any such loss.

(d) Unless the First Mortgagees of all of the Unit Ownerships which are a part of the Property have given their prior written approval, neither the Association nor the Unit Owners shall be entitled to:

- (i) by act or omission seek to abandon or terminate the condominium regime, except for abandonment provided by the Act in case of substantial loss to or condemnation of the Units or the Common Elements; or
- (ii) change the pro rata interest or obligations of any Unit Owner for purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards;

(e) Unless at least sixty-seven percent (67%) of the First Mortgagees, based on one vote per Unit, have given their prior written approval, neither the Association nor the Unit Owners shall be entitled to do or permit to be done any of the following:

- (i) Adopt an amendment to this Declaration which (aa) changes Article 11 hereof, (bb) changes Article 10 or any other provision of this Declaration which specifically grants rights to First Mortgagees, (cc) changes insurance and fidelity bond requirements, (dd) imposes a right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey such Unit Owner's Unit Ownership materially different from that presently contained in this Declaration, or (ee) changes any provisions of this Declaration concerning repair, restoration, or reconstruction of the Building;

- (ii) Sell the Property as a whole; or
- (iii) Remove all or a portion of the Property from the provisions of the Act and this Declaration;

(f) Upon specific written request to the Association, each First Mortgagee, Insurer or Guarantor of a Unit Ownership shall be furnished notice in writing by the Association of any damage to or destruction or taking of the Common Elements or the Unit Ownership that is subject to such First Mortgagee's, Insurer's or Guarantor's mortgage.

(g) If any Unit or portion thereof or the Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the First Mortgagee, insurer or Guarantor of the Unit Ownership involved will be entitled to timely written notice, upon specific written request, of any such proceeding or proposed acquisition, and no provision of any document will entitle the Owner of a Unit Ownership or other party to priority over such First Mortgagee with respect to the distribution of the proceeds of any award or settlement.

(h) Whenever required, the consent of a First Mortgagee shall be deemed granted unless the party seeking the consent is advised to the contrary in writing by the First Mortgagee within thirty (30) days after making the request for consent, provided such request was delivered by certified or registered mail, return receipt requested.

## ARTICLE 11

### ANNEXING ADDITIONAL PROPERTY

**11.1 Additional Parcel.** The Declarant, and its successors and assigns, hereby reserves the right and option, at any time and from time to time, within 20 years from the date of the recording of this Declaration in the Office of the Washoe County Recorder, to add-on and annex to the Property, from time to time, all or any portion of the property described on Exhibit C attached hereto and incorporated herein by reference ("Future Expansion Parcel"), and in connection therewith to create Units and/or Common Elements within such annexed property and reallocate percentage interests in the Allocated Interests as hereinafter described, by recording an amendment or amendments to this Declaration executed by the Declarant (every such instrument being hereinafter referred to as an "Amendment to Condominium Declaration") which shall set forth the legal description of the additional parcel or parcels within the Future Expansion Parcel to be annexed to the Property and which shall otherwise be in compliance with the requirements of the Act. Upon the recording of every such Amendment to Condominium Declaration, the Additional Parcel described therein shall be deemed submitted to the Act and governed in all respects by the provisions of the Declaration as amended, and shall thereupon become part of the Property. No portion or portions of the Future Expansion Parcel shall be subject to any of the provisions of this Declaration unless and until an Amendment to Condominium Declaration is recorded annexing such portion or portions to the Property as aforesaid. The Unit Owners shall have no rights whatsoever in or to any portion of the Future

Expansion Parcel, unless and until an Amendment to Condominium Declaration is recorded annexing such portion to the Property as aforesaid, and then, only as set forth in the Amendment. Upon expiration of said period of developmental or special declarant's rights, no portion of the Future Expansion Parcel which has not theretofore been made part of or annexed to the Property shall thereafter be annexed to the Property. No portion of the Future Expansion Parcel must be built or added to the Property. Portions of the Future Expansion Parcel may be added to the Property at different times within such developmental period. Except as may be required by applicable laws and ordinances, there shall be no limitations (i) on the order in which portions of the Future Expansion Parcel may be added to the Property, (ii) fixing the boundaries of these portions, or (iii) on the location of improvements which may be made on the Future Expansion Parcel. The maximum number of Units which may be created on the Future Expansion Parcel is 15,000, which does not include any New Construction Units. The maximum number of Units which may be created within the Future Expansion Parcel added to the Property, including the New Construction Units is 20,000. Structures, improvements, buildings and units to be constructed on portions of the Future Expansion Parcel which are added to the Property need not, except to the extent required by applicable laws and ordinances, be compatible with the configuration of the Property in relation to density, use, construction and architectural style; provided, however, that such structures, improvements, buildings and units shall be generally consistent in terms of quality of construction with those currently existing on the Property.

If all or any portion of the Future Expansion Parcel is annexed, the Declarant reserves developmental rights and/or special Declarant's rights with respect to the Future Expansion Parcel, as follows:

(a) The Declarant reserves the right to annex additional mixed use real estate, 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 a Unit to matters involving the building or buildings containing said Units;

(b) The Declarant reserves the right to make this common-interest community subject to a master association that may include all or any portion of the real estate comprising the Future Expansion Parcel, described on Exhibit C;

(c) The Declarant reserves the right to merge or consolidate this common-interest community with another common-interest community that may include all or any portion of the real estate comprising the Future Expansion Parcel, described on Exhibit C; and

(d) The Declarant reserves the right to take any other action with respect to the Future Expansion Parcel that is reserved herein with respect to the Property, and reserves the right to advertise the sale of any units in the Future Expansion Parcel at any location within the Property on which advertising activity with respect to the sale of Units in the Property is permitted herein.

**11.2 Amendments to Condominium Declaration.** Every such Amendment to this Declaration shall include:

(a) The legal description of the portion or portions of the Future Expansion Parcel which shall be added to the legal description of the Property;

(b) An amendment to the Plat which shall show the boundaries of the portion or portions of the Future Expansion Parcel annexed to the Property, and delineating and describing the Units of the annexed Future Expansion Parcel; and

(c) Amendments to Exhibits B and D attached hereto. The amended Exhibit B shall set forth the amended percentages of interest in the Allocated Interests, including the Common Elements, attributable to those portions of the Future Expansion Parcel annexed to the Property and including all existing Units and additional Units, if any, added by such Amendment to Condominium Declaration.

**11.3 Determination of Amendments to Percentages of Ownership Interest in the Allocated Interests.** The percentages of ownership interest in the Allocated Interests allocable to every Unit, as amended by each Amendment to Condominium Declaration, shall be determined as follows:

(a) The Allocated Interests, as amended by such Amendment to Condominium Declaration, shall be deemed to consist of the Allocated Interests as existing immediately prior to the recording of such Amendment to Condominium Declaration (the "Existing Allocated Interests"), as set forth in Exhibit B prior to recordation of an Amendment to Condominium Declaration, and the Allocated Interests added by such Amendment to Condominium Declaration (the "Added Allocated Interests");

(b) The Units, as amended by such Amendment to Condominium Declaration, shall be deemed to consist of the Units as existing immediately prior to the recording of such Amendment to Condominium Declaration (the "Existing Units"), as set forth in Exhibit B prior to recordation of an Amendment to Condominium Declaration, and the Units added by such Amendment to Condominium Declaration (the "Added Units");

(c) The initial Allocated Interests shall be as set forth in Exhibit B. Prior to the date of recording of every Amendment to Condominium Declaration, the Declarant shall determine the Added Units and Added Allocated Interests for such Amendment in accordance with the Unit names and corresponding Unit quantities and square footages as set forth in Exhibit F, for the Units added to the Property, and such determination shall be unconditionally binding and conclusive for all purposes notwithstanding the market values or actual or surveyed square footages of any Unit or Units. The Declarant shall amend Exhibit B, in accordance with its determination, prior to recordation of each Amendment;

(d) The Units shall be entitled to their respective percentages of ownership interest in the Allocated Interests, as set forth in Exhibit B to such Amendment to Condominium Declaration, subject to any further amendments;

(e) All of the provisions of this Declaration, as amended by every successive Amendment to Condominium Declaration, shall be deemed to apply to all of the Units (both the Added Units and the Existing Units) and to all of the Allocated Interests (both the Added Allocated Interests and the Existing Allocated Interests); and

(f) The recording of an Amendment to Condominium Declaration shall not alter or affect the amount of any lien for Common Expenses due from the Owner of any Existing Unit prior to such recording, nor the respective amounts theretofore assessed to or due from the Owner or Owners of Existing Units for Common Expenses or other assessments.

**11.4 Determination of Amendments to duties to pay Shared Facilities Expenses and Hotel Expenses.** The respective duties to pay Shared Facilities Expenses and Hotel Expenses (as set forth in Sections 6.9 and 6.10, and as otherwise provided in this Declaration) allocable to every Unit, as amended by each Amendment to Condominium Declaration, shall be determined as follows:

(a) The duties of Unit Owners to pay Shared Facilities Expenses and Hotel Expenses shall be reflected as a percentage of the entire Shared Facilities Expenses and Hotel Expenses, as set forth on Exhibit D, subject to amendment by each Amendment to Condominium Declaration;

(b) Prior to the date of recording of every Amendment to Condominium Declaration, the Declarant shall calculate amended and new percentages of the duties of all Unit Owners, as a result of the Amendment, to pay Shared Facilities Expenses and Hotel Expenses, in accordance with the Unit names and corresponding Unit quantities and square footages as set forth in Exhibit G, for the Units added to the Property, and such determination shall be unconditionally binding and conclusive for all purposes notwithstanding the market values or actual or surveyed square footages of any Unit or Units. The Declarant shall amend Exhibit D, in accordance with its determination, prior to recordation of each Amendment;

(c) The Units shall pay their respective percentages of Shared Facilities Expenses and Hotel Expenses, as set forth in Exhibit D to such Amendment to Condominium Declaration, subject to any further amendments;

(d) All of the provisions of this Declaration, as amended by every successive Amendment to Condominium Declaration, shall be deemed to apply to the payment of Shared Facilities Expenses and Hotel Expenses; and

(e) The recording of an Amendment to Condominium Declaration shall not alter or affect the amount of any lien for Shared Facilities Expenses or Hotel Expenses due from the Owner of any Existing Unit prior to such recording, nor the respective amounts theretofore assessed to or due from the Owner or Owners of Existing Units for Shared Facilities Expenses and Hotel Expenses or other assessments.

**11.5 Existing Mortgages.** Upon recording of every Amendment to Condominium Declaration, the lien of every mortgage encumbering an Existing Unit, together with its appurtenant percentage of ownership interest in the Existing Allocated Interests, shall automatically be deemed to be adjusted and amended to encumber such Unit and the respective percentage of ownership interest in the Allocated Interests for such Existing Unit as set forth in such Amendment to Condominium Declaration, and the lien of such mortgage shall automatically attach to such percentage interest in the Added Allocated Interests.

**11.6 Binding Effect.** Every Unit Owner and every mortgagee, grantee, heir, administrator, executor, legal representative, successor and assign of such Unit Owner, by such

person's or entity's acceptance of any deed or mortgage or other interest in or with respect to any Unit Ownership, shall be deemed to have expressly agreed and consented to (i) each and all of the provisions of Articles 11 and 12; (ii) the recording of every Amendment to the Declaration which may amend and adjust such person's or entity's respective percentage of ownership interest in the Allocated Interests including the Existing Allocated Interests and the Added Allocated Interests from time to time as provided in this Article 11; and (iii) all of the provisions of every Amendment to the Declaration which may hereafter be recorded in accordance with the provisions of this Article 11. A power coupled with an interest is hereby granted to the Declarant as attorney-in-fact to amend and adjust the percentages of undivided ownership interest in the Allocated Interests from time to time in accordance with every such Amendment, to Condominium Declaration recorded pursuant hereto. The acceptance by any persons or entities of any deed, mortgage or other instrument with respect to any Unit Ownership, in addition to the foregoing, shall be deemed to constitute a consent and agreement to and acceptance and confirmation by such person or entity of such power to such attorney-in-fact and of each of the following provisions as though fully set forth in such deed, mortgage or other instrument:

(a) The percentage of ownership interest in the Allocated Interests appurtenant to such Unit shall automatically be deemed reconveyed effective upon the recording of every Amendment to Condominium Declaration and reallocated among the respective Unit Owners in accordance with the amended and adjusted percentages set forth in every such Amendment;

(b) Such deed, mortgage or other instrument shall be deemed given upon a conditional limitation to the effect that the percentage of ownership interest in the Allocated Interests appurtenant to such Unit shall be deemed divested pro tanto upon the recording of every such Amendment to Condominium Declaration and revested and reallocated among the respective Unit Owners in accordance with the amended and adjusted percentages set forth in every such Amendment to Condominium Declaration;

(c) To the extent required for the purposes of so amending and adjusting such percentages of ownership interest in the Allocated Interests as aforesaid, a right of revocation shall be deemed reserved by the grantor of such deed, mortgage or other instrument with respect to such percentage of ownership interest in the Allocated Interests granted therein;

(d) Such adjustments in the percentages of ownership interest in the Allocated Interests as set forth in every such Amendment to Condominium Declaration, shall be deemed to be made by agreement of all Unit Owners and other persons having any interest in the Property, and shall also be deemed to be an agreement of all Unit Owners and such other persons to such changes within the contemplation of the Act; and

(e) Every Unit Owner, by acceptance of the deed conveying such Unit Owner's Unit Ownership, agrees for himself or herself and all those claiming under such Unit Owner, including mortgagees, that this Declaration, and every Amendment to Condominium Declaration, is and shall be deemed to be in accordance with the Act.

## ARTICLE 12

### **TRANSFER OF A UNIT, DECLARANT'S RIGHT OF REPURCHASE**

**12.1     Unrestricted Transfers.** Subject to Section 12.2 hereof, a Unit Owner may, without restriction under this Declaration, sell, give, devise, convey, mortgage, lease or otherwise transfer such Unit Owner's entire Unit. Notice of such transfer shall be given to the Board, in the manner provided herein for the giving of notices, within five (5) days following consummation of such transfer.

**12.2     Declarant's Right of Repurchase.** The following provisions of this Section 12.2 shall apply to all Hotel Unit Owners, and shall take effect after the "Closing Date" of each Hotel Unit, as that term is defined in the Purchase and Sale Agreement.

(a) Each Hotel Unit Owner, on behalf of himself and all of his heirs, successors and assigns in the Unit Ownership, by accepting the initial conveyance of a Unit within the Hotel-Condominiums at Grand Sierra Resort, grants Declarant and all of its successors and assigns a perpetual right to repurchase the Unit and all FF&E acquired with the Unit, on the terms and conditions hereinafter set forth. Each Hotel Unit Owner shall notify Declarant in writing that it has received an offer to purchase the Unit Ownership and the FF&E which must be conveyed with the Unit pursuant to Section 4.5(b)(i), which notice shall contain the name and address of the proposed purchaser and shall contain a copy of the offer, including all of the terms and conditions of sale, signed by the proposed purchaser. Declarant shall have the right within ten (10) days after actual receipt of the copy of the offer within which to repurchase the Unit Ownership and the FF&E, which right shall be exercised by written notice to the Hotel Unit Owner within such ten (10) day time period, on the following terms:

- (i) If on the day the Declarant actually receives a copy of the offer, the sale, from the Declarant to third parties, of less than 660 Hotel Units have closed, then (i) Declarant's price to purchase the Unit Ownership and FF&E shall be the Purchase Price, as set forth in Paragraph 1(a) of the Purchase and Sale Agreement for the Unit (plus the cost of any improvements or betterments made at the Unit Owner's expense in accordance with the terms and conditions of this Declaration or the Purchase and Sale Agreement, if any, which costs shall be established by copies of paid bills delivered to Declarant at the time of giving of the Unit Owner's ten (10) day notice to Declarant), plus or minus proration of general real estate taxes, prepaid insurance premiums, utility charges, monthly assessments and other similar proratable items; (ii) the Hotel Unit Owner shall convey good and marketable title to the Unit Ownership by special warranty deed to Declarant or its designee, and the FF&E by bill of sale with warranties of title, subject only to those Permitted Exceptions (excluding acts of Purchaser) existing at closing and any acts of Declarant; (iii) closing of the repurchase shall be effected through an escrow similar to that described in Paragraph 5(b) of the Purchase and Sale Agreement;

(iv) the Hotel Unit Owner shall bear all costs of the escrow and title insurance; and (v) any Nevada and Washoe County transfer taxes shall be paid by the Hotel Unit Owner, and any City of Reno real estate transaction tax shall be paid by Declarant.

- (ii) If on the day the Declarant actually receives a copy of the offer, the sale, from the Declarant to third parties, of 660 Hotel Units or more have closed (i) the price of the Unit Ownership and FF&E shall be the price set forth in the copy of the offer conveyed to Declarant under this Section, plus or minus proration of general real estate taxes, prepaid insurance premiums, utility charges, monthly assessments and other similar proratable items; (ii) the Hotel Unit Owner shall convey good and marketable title to the Unit Ownership by special warranty deed to Declarant or its designee, and the FF&E by bill of sale with warranties of title, subject only to those Permitted Exceptions (excluding acts of Purchaser) existing at closing and any acts of Declarant; (iii) closing of the repurchase shall be effected through an escrow similar to that described in Paragraph 5(b) of the Purchase and Sale Agreement; (v) the Hotel Unit Owner and Declarant each shall bear one-half of the costs of the escrow; (vi) the Hotel Unit Owner shall bear the cost of title insurance in the amount of the offer price; and (vii) the Hotel Unit Owner and Declarant each shall bear one-half of the costs of any Nevada and Washoe County transfer taxes, and any City of Reno real estate transaction tax.

(b) If Declarant notifies the Hotel Unit Owner within said ten (10) day period of its election to repurchase the Unit Ownership and all FF&E, then such repurchase shall be closed and possession delivered to Declarant within thirty (30) days after the giving of Declarant's notice of such election. In the event of Declarant's repurchase of the Unit Ownership and all FF&E as provided herein, the Hotel Unit Owner agrees to reconvey the Unit Ownership and FF&E to Declarant in the same physical condition as at closing, except for ordinary wear and tear.

(c) If Declarant gives written notice to the Hotel Unit Owner within said ten (10) day period that it does not elect to exercise said repurchase right, or if Declarant fails to give written notice to Purchaser during the ten (10) day period, then the Hotel Unit Owner may proceed to consummate the proposed sale; provided, however, that if the Hotel Unit Owner fails to close the proposed sale with the proposed purchaser at the purchase price and on the other terms and conditions contained in the aforesaid written notice to Declarant (except for extensions of the closing date collectively amounting to no more than four (4) months beyond the closing date contained in the offer), the right of repurchase granted to Declarant herein shall remain in effect and shall be applicable to the proposed sale as modified, and to any subsequent proposed sale by the Hotel Unit Owner of the Unit Ownership.

(d) Declarant shall have the right to execute and deliver to any one or more Hotel Unit Owners a release of Declarant's rights under this Section 12.2.



(e) Any purported sale of a Hotel Unit in violation of the provisions of this Section 12.2 shall be null and void and of no force and effect. The deed to be delivered by Declarant to each Hotel Unit Owner on the Closing Date, as defined in the Purchase and Sale Agreement, shall contain provisions incorporating the foregoing right of repurchase, and stipulating that it binds the grantee under the deed and its successors and assigns by acceptance of a deed.

(f) For purposes of this Section 12.2 "sell" or "sale" means: any sale, transfer or other voluntary conveyance of the Unit Ownership; lease with an option to purchase the Unit Ownership; any assignment (except for collateral purposes only) of all or any portion of the beneficial interest or power of direction under any trust which owns legal or beneficial title to the Unit Ownership for consideration; or sale or transfer of substantially all of the stock, partnership or membership interests of a corporation, partnership or limited liability company which owns legal or beneficial title to the Unit Ownership.

(g) Declarant's right of repurchase under this Section 12.2 shall be subordinate to the rights of the holder of any mortgage or trust deed hereafter placed upon the Unit Ownership.

**12.3 Financing of Purchase by Association.** The Board shall have authority to make such mortgage arrangements and other financing arrangements, and to authorize such special assessments proportionately among the respective Unit Owners, as the Board may deem desirable, in order to close and consummate the purchase or lease of a Unit Ownership, or interest therein, by the Association.

**12.4 Miscellaneous.**

(a) The Association shall hold title to or lease any Unit Ownership, pursuant to the terms hereof, in the name of the Association, or a nominee thereof delegated by the Board, for the sole benefit of all Unit Owners. The Board shall have the authority at any time to sell, mortgage, lease or sublease said Unit Ownership on behalf of the Association upon such terms as the Board shall deem desirable, but in no event shall a Unit be sold (other than pursuant to a foreclosure or deed in lieu of foreclosure) for less than the amount paid by the Association to purchase said Unit Ownership unless Unit Owners owning not less than seventy-five percent (75%) of the total ownership of the Common Elements first authorize the sale for such lesser amount. All of the net proceeds from such a sale, mortgage, lease or sublease shall be applied in such manner as the Board shall determine.

(b) The Board may adopt rules and regulations, from time to time, not inconsistent with the provisions of this Article 12, for the purpose of implementing and effectuating said provisions.

**ARTICLE 13**

**GENERAL PROVISIONS**

**13.1 Manner of Giving Notices.** Notices provided for in this Declaration and in the Act to be given to the Board or Association shall be in writing and addressed to the Unit address of each member of the Board or at such other address as otherwise provided herein. Notices provided for in this Declaration and in the Act to any Unit Owner shall be in writing and

addressed to the Unit address of said Unit Owner, or at such other address as otherwise provided in the Purchase and Sale Agreement or designated by the Unit Owner. Any Unit Owner may designate a different address or addresses for notices to such Unit Owner by giving written notice of his change of address to the Board or Association, and to the Declarant. Unless otherwise specifically provided herein, any notice shall be deemed received when delivered as it relates to personal delivery, nationally recognized overnight courier service or facsimile with proof of transmission (provided any such delivery or transmission must be received on or before 5:00 p.m. Nevada time on such date of delivery in order for such notice to be effective as of the date of delivery), and any notice mailed as aforesaid shall be deemed received three (3) business days after deposit in the United States mail. Notice of change of address for receipt of notices, demands or requests shall be sent in the manner set forth in this Section 13.1.

**13.2     Notice to Mortgagees.** Upon written request to the Board, notices shall be given to a First Mortgagee as required under Article 10.

**13.3     Notices of Estate or Representatives.** Notices required to be given any devisee, heir or personal representative of a deceased Unit Owner may be delivered either personally or by mail to such party at his, her or its address appearing in the records of the court wherein the estate of such deceased Unit Owner is being administered.

**13.4     Conveyance and Leases.** Each grantee of the Declarant, each subsequent grantee by the acceptance of a deed of conveyance, and each tenant under a lease for a Unit Ownership, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed, shall be deemed and taken to be covenants running with the land and/or equitable servitudes and shall bind any person having at any time an interest or estate in the Property, and shall inure to the benefit of such Unit Owner in like manner as though the provisions of the Declaration were recited and stipulated at length in each and every deed of conveyance.

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

**13.6     Change, Modification or Rescission.** No provision of this Declaration affecting the rights, privileges and duties of the Declarant may be modified without its written consent. Except as otherwise expressly provided herein, other provisions of this Declaration may be changed, modified or rescinded by an instrument in writing setting forth such change, modification or rescission signed and acknowledged by the President or a Vice-President of the Association, and approved by the Unit Owners having, in the aggregate, at least seventy-five percent (75%) of the total vote, at a meeting called for that purpose; provided, however, that (i) all First Mortgagees have been notified by certified mail of any change, modification or rescission, (ii) an affidavit by the Secretary of the Association certifying to such mailing is made a part of such instrument and (iii) any provisions herein which specifically grant rights to First Mortgagees, Insurers or Guarantors may be amended only with the written consent of all such

First Mortgagees, Insurers or Guarantors, except in those instances in which the approval of less than all First Mortgagees is required. Any such change, modification or rescission shall be effective, upon recordation of such instrument in the Office of the County Recorder of Washoe County, Nevada; provided, however, that no such change, modification or rescission shall change the boundaries of any Unit, the allocation of percentages of ownership in the Common Elements and votes in the Association, quorum and voting requirements for action by the Association, or liability for Common Expenses assessed against any Unit, except to the extent authorized by other provisions of this Declaration or by the Act.

**13.7 Partial Invalidity.** The invalidity of any covenant, restriction, condition, limitation or any other provision of this Declaration, or any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration.

**13.8 Perpetuities and Other Invalidity.** If any of the options, privileges, covenants or rights created by this Declaration would otherwise be unlawful or void for violation of (i) the rule against perpetuities or some analogous statutory provisions, (ii) the rule restricting restraints on alienation, or (iii) any statutory or common law rules imposing time limits, then such provision shall continue only until twenty-one (21) years after the death of the survivor of the now living lawful descendants of Nevada Governor, Kenny Guinn.

**13.9 Liberal Construction.** The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a hotel condominium development consistent with the standard set forth in Section 4.5(c) hereof.

**13.10 Ownership by Land Trustee.** In the event title to any Unit Ownership is conveyed to a land title holding trust, under the terms of which all powers of management, operation and control of the Unit Ownership remain vested in the trust beneficiary or beneficiaries, then the Unit Ownership under such trust and the beneficiaries thereunder from time to time shall be responsible for payment of all obligations, liens or indebtedness and for the performance of all agreements, covenants and undertakings chargeable or created under this Declaration against such Unit Ownership. No claim shall be made against any such title holding trustee personally for payment of any lien or obligation hereunder created and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against such lien or obligation. The amount of such lien or obligation shall continue to be a charge or lien upon the Unit Ownership and the beneficiaries of such trust notwithstanding any transfers of the beneficial interest of any such trust or any transfers of title of such Unit Ownership.

**13.11 Special Amendment.** Declarant reserves the right and power to record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which amends this Declaration (i) to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Association, the Department of Veteran's Affairs (formerly known as the Veteran's Administration), the American Land Title Association, or any other governmental agency or any other public, quasi-public or private entity which performs (or may perform) functions similar to those currently performed by such entities, (ii) to induce any of such agencies or entities to make, purchase, sell, insure or guarantee first mortgages covering Unit Ownerships, (iii) to bring this

Declaration into compliance with the Act, or (iv) to correct clerical or typographical or similar errors in this Declaration or any Exhibit hereto or any supplement or amendment thereto. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declarant to vote in favor of, make or consent to a Special Amendment on behalf of each Unit Owner as proxy or attorney-in-fact, as the case may be. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Unit Ownership, and the acceptance thereof, shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power to the Declarant to vote in favor of, make, execute and record Special Amendments. The right of the Declarant to act pursuant to rights reserved or granted under this Section shall terminate at such time as the Declarant no longer holds or controls title to a Unit Ownership.

**13.12 Assignments by Declarant.** All rights which are specified in this Declaration to be rights of the Declarant are mortgageable, pledgeable, assignable or transferable. Any successor to, or assignee of, the rights of the Declarant hereunder (whether as the result of voluntary assignment, foreclosure, assignment in lieu of foreclosure or otherwise) shall hold or be entitled to exercise the rights of Declarant hereunder as fully as if named as such party herein. No party exercising rights as Declarant hereunder shall have or incur any liability for the acts of any other party which previously exercised or subsequently shall exercise such rights.

**13.13 Intellectual Property Rights.** At any time during which Grand Sierra Operating Corp. or any parent, subsidiary or affiliate thereof is engaged in the development, sale or management of the Condominium, the Identity (as such term is defined below) may be made available for use by the Condominium, the Association and the management company for the Condominium pursuant to a license agreement with the party or parties owning the rights to the use of the Identity; provided, however, that the terms of such use are at all times subject to the terms and conditions of, and the privileges established in, the license agreement granting such rights, which license may be revoked at any time. Neither the Association, the Board nor any Unit Owner (by virtue of any such Unit Owner's ownership interest in a Unit and such Unit Owner's percentage ownership interest in the Common Elements) shall have any right to the use of the Identity in any manner whatsoever by virtue of any such party's interest in the Condominium or otherwise. The "Identity" shall mean the name, likeness, image or indicia of "Grand Sierra Resort," or any variation thereof.

**13.14 Hotel Management Company.** The Declarant shall have the sole and absolute discretion to select, appoint, designate, terminate, renew and otherwise engage the Hotel Management Company, from time to time, on such terms and conditions as shall be determined, from time to time, by the Declarant and the Hotel Management Company. Neither the Association nor the Unit Owners shall have any right to determine which company the Declarant selects as the Hotel Management Company or the terms and conditions of such engagement, both of which shall be determined by the Declarant and the Hotel Management Company, in their sole and absolute discretion. The Declarant hereby reserves the right, in its sole discretion, to manage the Hotel or Property itself or to utilize a nationally branded hotel management company or a local management company that may or may not be an affiliate of the Declarant. The Declarant makes no representations as to the identity of the manager, and each purchaser of a Unit hereby

waives any and all claims of injury or default relating to the identity of any manager or future manager of the Hotel or the Property.

**13.15 Dispute Resolution Addendum Agreement, and Agreement to Modify Statutorily Implied Warranties of Quality, to Run with the Land.** The Dispute Resolution Addendum Agreement, and Agreement to Modify Statutorily Implied Warranties of Quality, attached to the Purchase and Sale Agreement for each Hotel Unit as Exhibits "I" and "J," respectively, shall run with and burden each Unit Ownership, and all Persons having or acquiring any right, title or interest in each Unit Ownership, 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.

IN WITNESS WHEREOF, Grand Sierra Operating Corp. has caused this Declaration to be signed this 8th day of June, 2007.

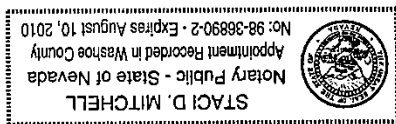
GRAND SIERRA OPERATING CORP., a Nevada Corporation

By: [Signature]  
Roberts H. Pace, Jr.  
Executive Vice President &  
Chief Operating Officer

STATE OF NEVADA       )  
                                      ) SS  
COUNTY OF WASHOE    )

I, Staci D Mitchell, a Notary Public in and for the County and State aforesaid, do hereby certify that Roberts H Pace, Jr, as Executive Vice President & Chief Operating Officer of Grand Sierra Operating Corp., a Nevada corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such officer, appeared before me this day in person and acknowledged that he signed and delivered the foregoing instrument as his own free and voluntary act and the free and voluntary act of such company in his capacity as the Executive Vice President & Chief Operating Officer of said company, for the uses and purposes therein set forth.

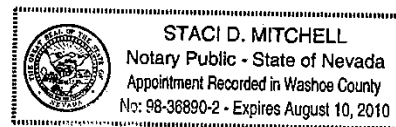
GIVEN under my hand and notarial seal this 6th day of June, 2007:



[Signature]  
Notary Public

My Commission Expires:

August 10, 2010



**CONSENT OF BENEFICIARY OF DEED OF TRUST**

WELLS FARGO BANK, N.A., as trustee for the benefit of holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2006-FL2 and for the holders of the Non-Trust Partition Interests, as the legal owner and holder of the original promissory note(s) and all other indebtedness secured by the following described Deed of Trust:

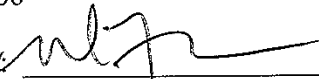
TRUSTOR:	Grand Sierra Operating Corp., a Nevada Corporation
TRUSTEE:	Stewart Title of Northern Nevada, a Nevada Corporation
BENEFICIARY:	WELLS FARGO BANK, N.A., as trustee for the benefit of holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2006-FL2 and for the holders of the Non-Trust Partition Interests

recorded in the office of the County Recorder of Washoe County, Nevada, on June 23, 2006, in Book 1, as Document No. 3404772, hereby consents to the execution and recording of the within Declaration and agrees that said Deed of Trust is subject thereto and to the provisions of the Uniform Common-Interest Ownership Act of the State of Nevada.

IN WITNESS WHEREOF, WELLS FARGO BANK, N.A., as trustee for the benefit of holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2006-FL2 and for the holders of the Non-Trust Partition Interests, has caused this Consent of Beneficiary of Deed of Trust to be signed by its duly authorized officer on its behalf, this 13 day of June, 2007.

WELLS FARGO BANK, N.A., as trustee for the benefit of holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2006-FL2 and for the holders of the Non-Trust Partition Interests

By: WACHOVIA BANK, NATIONAL ASSOCIATION, solely in its capacity as Servicer, as authorized under that certain Pooling and Servicing Agreement dated as of November 1, 2006

By: 

Name: Michael Farrell

Title: Vice President

STATE OF NORTH CAROLINA )

) SS

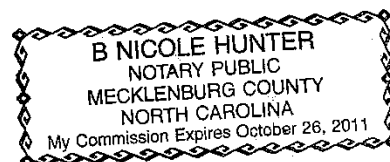
COUNTY OF MECKLENBURG )

On this 7<sup>th</sup> day of June, 2007, personally appeared before me Michael Farrell, as Vice President of WACHOVIA BANK, NATIONAL ASSOCIATION, acting in its authorized capacity as Servicer for and on behalf of WELLS FARGO BANK, N.A., as trustee for the benefit of holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2006-FL2 and for the holders of the Non-Trust Partition Interests, signer and sealer of the foregoing instrument and acknowledged the same to be his/her free act and deed and the free act and deed of said entities, before me. He/she is personally known to me or has produced a driver's license as identification.

  
Notary Public

My commission expires: 10/26/2011

(Notary Seal)





# **EXHIBIT A**

**LEGAL DESCRIPTIONS OF THE PROPERTY AND THE PARCEL,  
AND  
COPIES OF MAPS TO BE PROVIDED PRIOR TO RECORDING**

**LEGAL DESCRIPTION OF THE PROPERTY**

Order No.: 507198

### LEGAL DESCRIPTION

The land referred to herein is situated in the State of Nevada, County of, described as follows:

#### PARCEL 1:

All that certain lot, piece or parcel of land situated in the City of Reno, County of Washoe, State of Nevada, Section Seven (7), Township Nineteen (19) North, Range Twenty (20) East, M.D.M.:

BEGINNING at the Northwest corner of Parcel Map No. 340, recorded November 10, 1976, Official Records, Washoe County, Nevada, said POINT OF BEGINNING being further described as lying on the Southerly right of way of Glendale Avenue;

THENCE North 88°15'47" East along said Southerly right of way 347.44 feet to a found 5/8" rebar with cap, stamped "Summit Engineers RLS 4787", said point also being the Northeast corner of Parcel 1 of Parcel Map 338, recorded November 10, 1976, Official Records, Washoe County, Nevada;

THENCE South 00°06'54" East along the East line of said Parcel 1, a distance of 208.59 feet;

THENCE South 89°53'06" West, 174.30 feet;

THENCE South 00°06'54" East, 158.86 feet to the South line of said Parcel 2;

THENCE North 89°23'54" West along said South line, a distance of 174.31 feet to a found 5/8" rebar, being the Southwest corner of said Parcel 1;

THENCE North 00°05'36" East along the West line of Parcel 1, a distance of 355.44 feet to the POINT OF BEGINNING.

Said parcel is also shown as Adjusted Parcel 2 on Record of Survey No. 3004.

APN: 012-211-24.

#### PARCEL 1-A:

A non-exclusive easement for the right, privilege and authority  
Continued on next page

-1-

SCHEDULE A  
CLTA PRELIMINARY REPORT  
(12/92)

STEWART TITLE  
Guaranty Company

Order No. 507198

for the purpose only of ingress and egress of vehicles and/or persons in, upon and over the roadway and cuts, located on the land and premises, situated in the County of Washoe, State of Nevada, described as follows:

The following describes a parcel of ground located within the South 1/2 of Section 7, Township 19 North, Range 20 East, M.D.B.&M., County of Washoe, State of Nevada, and being more particularly described as follows:

BEGINNING at the Northeast corner of Parcel B, as shown on Parcel Map No. 227, filed in the office of the Washoe County Recorder on the 26th day of February, 1976, File No. 397925; thence South  $89^{\circ}23'54''$  East, 51.51 feet;

THENCE North  $89^{\circ}53'06''$  East, 10.00 feet to the true point of beginning; thence North  $0^{\circ}06'54''$  West, 29.91 feet, thence 15.71 feet on the arc of a tangent curve to the left, having a radius of 10.00 feet and a central angle of  $90^{\circ}00'00''$ ; thence North  $0^{\circ}06'54''$  West, 60.00 feet; thence 15.71 feet on the arc of a curve to the left whose tangent bears North  $89^{\circ}53'06''$  East, having a radius of 10.00 feet and a central angle of  $90^{\circ}00'00''$ ; thence North  $0^{\circ}06'54''$  West, 80.00 feet; thence 15.71 feet on the arc of a tangent curve to the left, having a radius of 10.00 feet and a central angle of  $90^{\circ}00'00''$ ;

THENCE North  $0^{\circ}06'54''$  West, 60.00 feet; thence 15.71 feet on the arc of a curve to the left, whose tangent bears North  $89^{\circ}53'06''$  East, having a radius of 10.00 feet and a central angle of  $90^{\circ}00'00''$ ; thence North  $0^{\circ}06'54''$  West, 90.00 feet;

THENCE 15.55 feet on the arc of a tangent curve to the right, having a radius of 9.72 feet and a central angle of  $91^{\circ}37'19''$  to a point on the Southerly right of way of Glendale Avenue; thence along said Southerly right of way line North  $88^{\circ}15'47''$  East, 69.74 feet; thence departing said Southerly right of way line, 15.42 feet on the arc of a curve to the right, whose tangent bears South  $88^{\circ}15'47''$  West, having a radius of 10.00 feet and a central angle of  $88^{\circ}22'41''$ ; thence South  $0^{\circ}06'54''$  East, 361.61 feet; thence South  $89^{\circ}53'06''$  West, 50.00 feet to the true point of beginning.

Continued on next page

Order No. 507198

EXCEPT all that portion of said easement lying within the hereinabove described Parcel 1.

Document Number 2292338 is provided pursuant to the requirements of Section 1. NRS 111.312

PARCEL 2:

A portion of the North Half (N 1/2) of Section 18, Township 19 North, Range 20 East, M.D.M., more particularly described as follows:

COMMENCING at the Section corner common to Sections 7, 8, 17 and 18, Township 19 North, Range 20 East, M.D.M. and proceeding South 10°25'59" East, a distance of 99.98 feet to a 1/2 inch diameter pin, said pin being at the Northeast corner of that land conveyed from Matley, et al, to Lee Brothers, in a deed recorded as Document No. 306898 of the Official Records of Washoe County, Nevada; thence North 89°00'20" West, along the Northerly line of said Parcel, a distance of 663.20 feet to a 1/2 inch diameter iron pin; thence South 00°59'40" West, a distance of 187.77 feet to a 1/2 inch diameter iron pin; thence North 84°35'28" West, a distance of 24.46 feet to the TRUE POINT OF BEGINNING; thence North 84°35'28" West, a distance of 231.51 feet; thence South 00°54'52" West, a distance of 370.06 feet to a galvanized steel fence post; thence North 54°40'01" West, a distance of 335.84 feet to a point on the Southerly right of way line of Greg Street; thence along the Southerly right of way line of Greg Street the following four (4) courses and distances: 1) North 47°58'37" East, a distance of 232.02 feet; 2) from a tangent which bears the last named course, along a circular curve to the right with a radius of 760.00 feet and a central angle of 19°23'42", an arc length of 257.27 feet to a point of compound curvature; 3) along said compound circular curve to the right with a radius of 45.00 feet and central angle of 83°54'13", an arc length of 65.90 feet; 4) South 28°43'28" East a distance of 134.97 feet to the TRUE POINT OF BEGINNING, all as shown and set forth on that certain Record of Survey for MGM GRAND, filed in the office of the County Recorder of Washoe County, Nevada, on November 24, 1981, as File No. 769946.

APN: 012-231-29

Continued on next page

Order No. 507198

Document Number 2292339 is provided pursuant to the requirements of Section 1. NRS 111.312

PARCEL 3:

A parcel of land situate in Sections 7 & 18, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada, and more particularly described as follows:

Beginning at the intersection of the Northerly line of Mill Street with the Easterly line of U.S. Highway 395 as shown on Record of Survey Map Number 1518, File Number 769946 of the Official Records of Washoe County, Nevada, from which the Northeast corner of said Section 18 bears North 86°22'05" East a distance of 3260.13 feet; thence along the Easterly line of Interstate 580 the following eight (8) courses and distances; 1) North 09°34'52" West, a distance of 352.44 feet; 2) North 03°28'05" West, a distance of 425.16 feet; 3) North 01°26'55" West, a distance of 498.41 feet; 4) North 01°24'09" West, a distance of 434.30 feet; 5) from a tangent which bears North 01°25'23" West, along a circular curve to the right with a radius of 858.06 feet and a central angle of 36°09'39", an arc length of 541.54 feet; 6) from an tangent which bears North 34°44'16" East along a circular curve to the left with a radius of 900.00 feet and a central angle of 28°28'08", an arc length of 447.19 feet; 7) North 06°16'08" East a distance of 117.19 feet; 8) from a tangent which bears the last named course, along a circular curve to the right with a radius of 61.15 feet and a central angle of 83°37'49", an arc length of 89.26 feet to a point on the Southerly line of Glendale Avenue; thence along the Southerly line of Glendale Avenue the following four (4) courses and distances; 1) North 89°53'57" East, a distance of 196.41 feet; 2) North 00°06'21" East, a distance of 4.00 feet; 3) North 89°53'57" East, a distance of 11.17 feet; 4) North 88°16'07" East, a distance of 80.83 feet to a point on the Westerly line of Watson and Meehan Corporation Property, said point being the Northeasterly corner of Parcel No. 1, as shown on the Parcel Map No. 340, filed in the Office of Washoe County Recorder on November 10, 1976 File No. 434453; thence along the Westerly, Southerly, and Easterly lines of said Watson and Meehan Corporation Property the following three (3) courses and distances: 1) South 00°05'56" West, a distance of 355.44 feet; 2) South

Continued on next page

Order No. 507198

89°23'34" East, a distance of 348.62 feet; 3) North 00°06'34" West, a distance of 369.63 feet to a point on the Southerly right of way line of Glendale Avenue, said point being the Northeasterly corner of Parcel No. 1, as shown on the Parcel Map No. 338, filed in the Office of Washoe County Recorder on November 10, 1976, File No. 434451; thence North 88°16'07" East, along the Southerly right of way line of Glendale Avenue, a distance of 156.65 feet; thence South 02°12'06" East a distance of 4.24 feet to the Northeast corner of a concrete block wall, thence South 02°12'06" East, along Easterly face of said block wall, a distance of 13.05 feet to an angle point in said block wall; thence North 88°00'20" East, along the Northerly line of said block wall, a distance of 61.31 feet to a chain link fence; thence along said chain link fence the following seventeen (17) courses and distances: 1) South 88°11'19" East, a distance of 10.04 feet; 2) South 79°03'12" East, a distance of 10.54 feet; 3) South 70°04'24" East, a distance of 9.08 feet; 4) South 56°48'54" East, a distance of 10.33 feet; 5) South 52°50'24" East, a distance of 49.76 feet; 6) South 49°03'32" East, a distance of 10.57 feet; 7) South 38°43'47" East, a distance of 78.93 feet; 8) South 41°22'11" East, a distance of 10.14 feet; 9) South 48°20'20" East, a distance of 10.07 feet; 10) South 54°50'53" East, a distance of 10.04 feet; 11) South 59°44'13" East, a distance of 39.96 feet; 12) South 50°21'10" East, a distance of 10.37 feet; 13) South 39°50'28" East, a distance of 10.12 feet; 14) South 31°57'47" East, a distance of 105.60 feet; 15) South 20°08'38" East, a distance of 76.52 feet; 16) South 34°19'10" East, a distance of 165.32 feet; 17) South 14°17'58" East, a distance of 279.78 feet; thence along a line that is more or less coincident with said chain link fence the following fifteen (15) courses and distances: 1) South 06°44'18" East, a distance of 109.36 feet; 2) South 05°15'13" East, a distance of 158.53 feet; 3) South 27°57'06" East, a distance of 129.07 feet; 4) South 43°18'46" East, a distance of 228.10 feet; 5) South 44°58'46" East, a distance of 133.07 feet; 6) South 38°2'46" East, a distance of 64.06 feet; 7) South 47°15'56" East, a distance of 107.92 feet; 8) South 50°50'59" East, a distance of 489.05 feet; 9) South 55°41'02" East, a distance of 45.51 feet; 10) South 46°38'29" East, a distance of 98.99 feet; 11) South 63°53'42" East a distance of 151.28 feet; 12) South 52°31'06" East, a distance of 151.08 feet; 13)

Continued on next page

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North 78°53'28" East, a distance of 75.55 feet; 14) South 73°46'40" East, a distance of 132.04 feet; 15) South 64°35'20" East, a distance of 98.69 feet to a point on the Northerly right of way line of Greg Street; thence along the Northerly right of way line of Greg Street the following ten (10) courses and distances: 1) South 20°40'40" West, a distance of 294.78 feet; 2) from a tangent which bears South 47°48'19" West, along a circular curve to the right with a radius of 750.00 feet and a central angle of 27°10'38", and arc length of 355.75 feet; 3) South 74°58'57" West, a distance of 120.67 feet; 4) from a tangent which bears the last named course, along a circular curve to the right with a radius of 36.00 feet and a central angle of 31°49'47", an arc length of 20.00 feet to a point of compound curvature; 5) along said compound circular curve to the right with a radius of 116.00 feet and a central angle of 32°40'13", an arc length of 66.14 feet; 6) South 71°14'17" West, a distance of 50.82 feet; 7) South 11°03'06" East, a distance of 8.54 feet; 8) from a tangent which bears the last named course, along a circular curve to the right with a radius of 36.00 feet and a central angle of 76°26'01", an arc length of 48.02 feet to a point of reverse curvature; 9) along said reverse circular curve to the left with a radius of 604.00 feet and a central angle of 17°23'58", an arc length of 183.42 feet; 10) South 47°58'57" West, a distance of 824.52 feet to the Northeast corner of parcel conveyed to Bruno Benna, et al, recorded as Document No. 83899, Official Records of Washoe County, Nevada; thence North 63°46'57" West along the Northerly line of said Benna Parcel, a distance of 1099.66 feet to the Northeast corner of Parcel B as shown on Parcel Map No. 341, filed in the office of Washoe County recorded on November 10, 1976, File No. 434454, thence South 26°13'03" West, along the Easterly line of said Parcel B, a distance of 266.37 feet; thence South 18°46'57" East and distance of 28.28 feet to a point on the Northerly right of way line of Mill Street; thence North 63°44'52" West, along said Northerly right of way line, a distance of 80.00 feet; thence North 26°13'03" East, a distance of 286.32 feet to the Northerly line of said Benna Parcel; thence from a tangent which bears North 03°43'05" East, along a circular curve to the left with a radius of 86.58 feet and a central angle of 81°31'28" an arc length of 123.19 feet; thence North 77°48'23" West a distance of 234.00 feet; thence South 26°13'03" West a distance of 280.15 feet to the

Continued on next page



Order No. 507198

Northerly line of Mill Street, thence North 63°44'52" West, along the Northerly line of Mill Street, a distance of 208.34 feet to the Point of Beginning.

said land is shown and delineated as Parcel A on Record of Survey Map No. 3804, recorded June 23, 2000 as Document No. 2458502, Official Records.

BASIS OF BEARINGS: Recorded of Survey Map Number 2775, File No. 1834848 of the Official Records of Washoe County, Nevada; NAD 83, Nevada West Zone.

APN: 012-211-26

Document Number 2458501 is provided pursuant to the requirements of Section 1. NRS 111.312

**LEGAL DESCRIPTION OF THE PARCEL**

LEGAL DESCRIPTION  
HOTEL CONDOMINIUMS AT GRAND SIERRA RESORT  
June 12, 2007

PHASE 1A:

A portion of Parcel A as shown on Record of Survey Map Number 3804, located between an elevation of 4630.80 and an elevation of 4642.05 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

Beginning at a point from which the Southeast corner of said Section 7 bears South 72°02'35" East a distance of 2423.93 feet; thence South 83°13'24" West a distance of 67.50 feet; thence North 06°46'36" West a distance of 114.50 feet; thence South 83°13'24" West a distance of 162.67 feet; thence North 06°46'36" West a distance of 75.33 feet; thence North 83°13'24" East a distance of 162.67 feet; thence North 06°46'36" West a distance of 114.50 feet; thence North 83°13'24" East a distance of 67.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 328.83 feet; thence South 06°46'36" East a distance of 67.50 feet; thence South 83°13'24" West a distance of 138.33 feet; thence South 06°46'36" East a distance of 7.83 feet; thence South 83°13'24" West a distance of 190.50 feet; thence South 06°46'36" East a distance of 114.50 feet to the Point of Beginning.

PHASE 1B:

A portion of Parcel A as shown on Record of Survey Map Number 3804, located between an elevation of 4642.05 and an elevation of 4653.30 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

Beginning at a point from which the Southeast corner of said Section 7 bears South 72°02'35" East a distance of 2423.93 feet; thence South 83°13'24" West a distance of 67.50 feet; thence North 06°46'36" West a distance of 114.50 feet; thence South 83°13'24" West a distance of 162.67 feet; thence North 06°46'36" West a distance of 75.33 feet; thence North 83°13'24" East a distance of 162.67 feet; thence North 06°46'36" West a distance of 114.50 feet; thence North 83°13'24" East a distance of 67.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 328.83 feet; thence South 06°46'36" East a distance of 67.50 feet; thence South 83°13'24" West a distance of 138.33 feet; thence South 06°46'36" East a distance of 7.83 feet; thence South 83°13'24" West a distance of 190.50 feet; thence South 06°46'36" East a distance of 114.50 feet to the Point of Beginning.

PHASE 2:

A portion of Parcel A as shown on Record of Survey Map Number 3804, located between an elevation of 4653.30 and an elevation of 4664.55 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

Beginning at a point from which the Southeast corner of said Section 7 bears South 72°02'35" East a distance of 2423.93 feet; thence South 83°13'24" West a distance of 67.50 feet; thence North 06°46'36" West a distance of 114.50 feet; thence South 83°13'24" West a distance of 162.67 feet; thence North 06°46'36" West a distance of 75.33 feet; thence North 83°13'24" East a distance of 162.67 feet; thence North 06°46'36" West a distance of 114.50 feet; thence North 83°13'24" East a distance of 67.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 328.83 feet; thence South 06°46'36" East a distance of 67.50 feet; thence South 83°13'24" West a distance of 138.33 feet; thence South 06°46'36" East a distance of 7.83 feet; thence South 83°13'24" West a distance of 190.50 feet; thence South 06°46'36" East a distance of 114.50 feet to the Point of Beginning.

PHASE 3:

A portion of Parcel A as shown on Record of Survey Map Number 3804, located between an elevation of 4664.55 and an elevation of 4675.80 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

Beginning at a point from which the Southeast corner of said Section 7 bears South 72°02'35" East a distance of 2423.93 feet; thence South 83°13'24" West a distance of 67.50 feet; thence North 06°46'36" West a distance of 114.50 feet; thence South 83°13'24" West a distance of 162.67 feet; thence North 06°46'36" West a distance of 75.33 feet; thence North 83°13'24" East a distance of 162.67 feet; thence North 06°46'36" West a distance of 114.50 feet; thence North 83°13'24" East a distance of 67.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 328.83 feet; thence South 06°46'36" East a distance of 67.50 feet; thence South 83°13'24" West a distance of 138.33 feet; thence South 06°46'36" East a distance of 7.83 feet; thence South 83°13'24" West a distance of 190.50 feet; thence South 06°46'36" East a distance of 114.50 feet to the Point of Beginning.

PHASE 4:

A portion of Parcel A as shown on Record of Survey Map Number 3804, located between an elevation of 4675.80 and an elevation of 4687.05 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

Beginning at a point from which the Southeast corner of said Section 7 bears South 72°02'35" East a distance of 2423.93 feet; thence South 83°13'24" West a distance of 67.50 feet; thence North 06°46'36" West a distance of 114.50 feet; thence South 83°13'24" West a distance of 162.67 feet; thence North 06°46'36" West a distance of 75.33 feet; thence North 83°13'24" East a distance of 162.67 feet; thence North 06°46'36" West a distance of 114.50 feet; thence North 83°13'24" East a distance of 67.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 328.83 feet; thence South 06°46'36" East a distance of 67.50 feet; thence South 83°13'24" West a distance of 138.33 feet; thence South 06°46'36" East a distance of 7.83 feet; thence South 83°13'24" West a distance of 190.50 feet; thence South 06°46'36" East a distance of 114.50 feet to the Point of Beginning.

PHASE 5:

A portion of Parcel A as shown on Record of Survey Map Number 3804, located between an elevation of 4687.05 and an elevation of 4698.30 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

Beginning at a point from which the Southeast corner of said Section 7 bears South 72°02'35" East a distance of 2423.93 feet; thence South 83°13'24" West a distance of 67.50 feet; thence North 06°46'36" West a distance of 114.50 feet; thence South 83°13'24" West a distance of 162.67 feet; thence North 06°46'36" West a distance of 75.33 feet; thence North 83°13'24" East a distance of 162.67 feet; thence North 06°46'36" West a distance of 114.50 feet; thence North 83°13'24" East a distance of 67.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 328.83 feet; thence South 06°46'36" East a distance of 67.50 feet; thence South 83°13'24" West a distance of 138.33 feet; thence South 06°46'36" East a distance of 7.83 feet; thence South 83°13'24" West a distance of 190.50 feet; thence South 06°46'36" East a distance of 114.50 feet to the Point of Beginning.

PHASE 6:

A portion of Parcel B as shown on Tract Map 4760, located between an elevation of 4698.30 and an elevation of 4709.55 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

Beginning at a point from which the Southeast corner of said Section 7 bears South 72°02'35" East a distance of 2423.93 feet; thence South 83°13'24" West a distance of 67.50 feet; thence North 06°46'36" West a distance of 114.50 feet; thence South 83°13'24" West a distance of 162.67 feet; thence North 06°46'36" West a distance of 75.33 feet; thence North 83°13'24" East a distance of 162.67 feet; thence North 06°46'36" West a distance of 114.50 feet; thence North 83°13'24" East a distance of 67.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 328.83 feet; thence South 06°46'36" East a distance of 67.50 feet; thence South 83°13'24" West a distance of 138.33 feet; thence South 06°46'36" East a distance of 7.83 feet; thence South 83°13'24" West a distance of 190.50 feet; thence South 06°46'36" East a distance of 114.50 feet to the Point of Beginning.

PHASE 7:

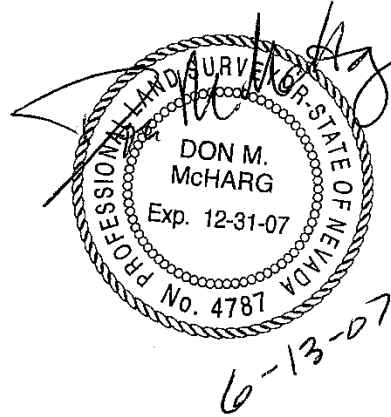
A portion of Parcel B as shown on Tract Map 4760, located between an elevation of 4709.55 and an elevation of 4722.80 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

Beginning at a point from which the Southeast corner of said Section 7 bears South 72°02'35" East a distance of 2423.93 feet; thence South 83°13'24" West a distance of 67.50 feet; thence North 06°46'36" West a distance of 114.50 feet; thence South 83°13'24" West a distance of 162.67 feet; thence North 06°46'36" West a distance of 75.33 feet; thence North 83°13'24" East a distance of 162.67 feet; thence North 06°46'36" West a distance of 114.50 feet; thence North 83°13'24" East a distance of 67.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 328.83 feet; thence South 06°46'36" East a distance of 67.50 feet; thence South 83°13'24" West a distance of 138.33 feet; thence South 06°46'36" East a distance of 7.83 feet; thence South 83°13'24" West a distance of 190.50 feet; thence South 06°46'36" East a distance of 114.50 feet to the Point of Beginning.

BASIS OF BEARINGS: Nevada State Plane Coordinate System, West Zone (NAD 83/94).

BASIS OF ELEVATIONS: NGVD 1988.

Description Prepared By:  
Don M. McHarg P.L.S. 4787  
Summit Engineering Corporation  
5405 Mae Anne Avenue  
Reno, Nevada 89523



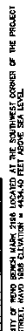
J:\WPDATA\LEGALS\GSRPH7.DOC

**[COPIES OF MAPS TO BE PROVIDED PRIOR TO RECORDING]**





BY DOCUMENT NO. \_\_\_\_\_ OFFICIAL RECORDS OF  
WASHOE COUNTY, NEVADA



1070



S.F.U. BETWEEN CEILING AND FINISH FLOOR/ROOF ABOVE (HEIGHT VARIES) —SEE NOTE 5 ON PAGE 2



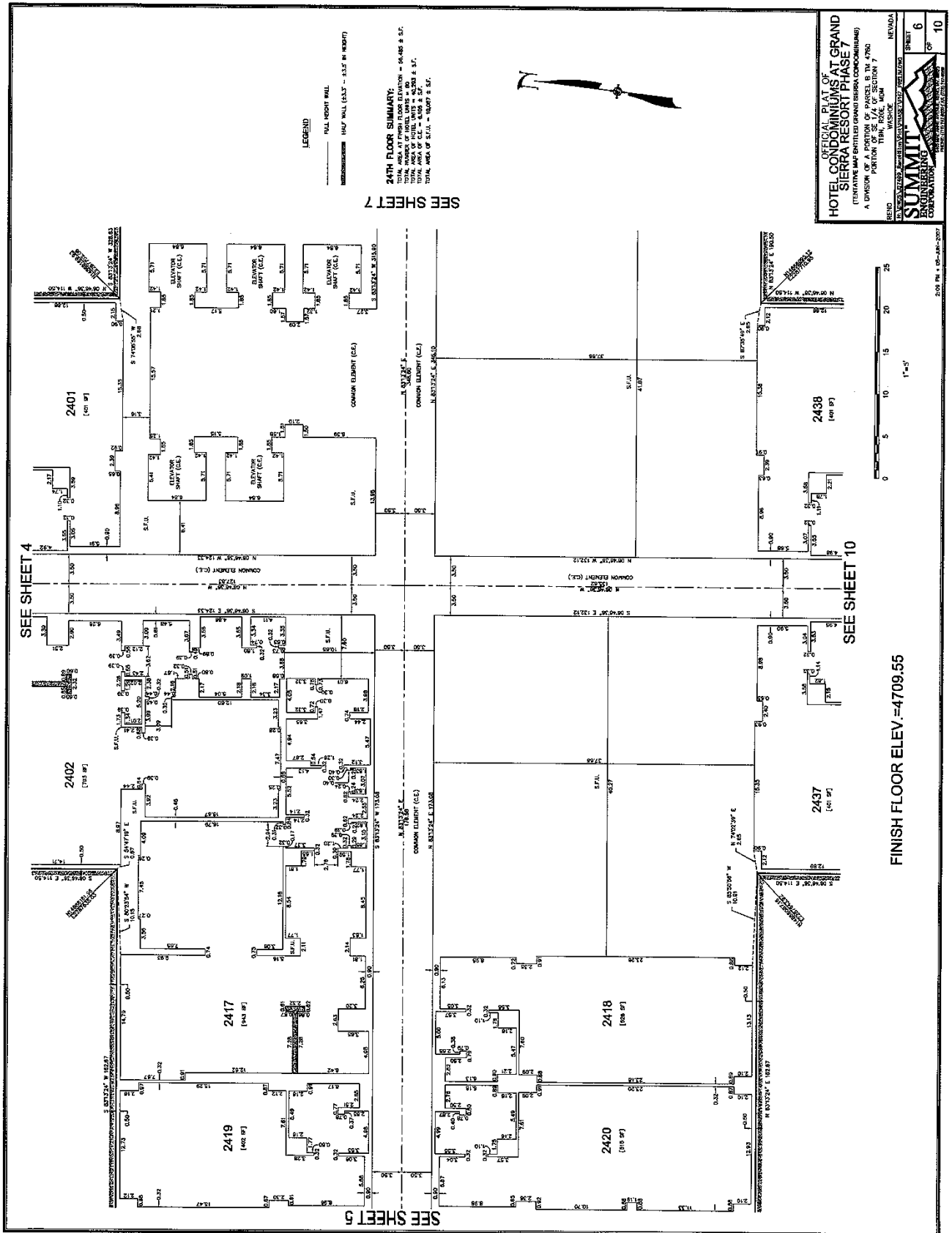
OFFICIAL PLAT OF  
HOTEL CONDOMINIUMS AT GRAND  
SIERRA RESORT PHASE 7  
(TENTATIVE MAP ENTITLED GRAND SIERRA CONDOMINIUMS)  
A DIVISION OF A PORTION OF PARCEL B TM 4760  
PORTION OF SE 1/4 OF SECTION 7

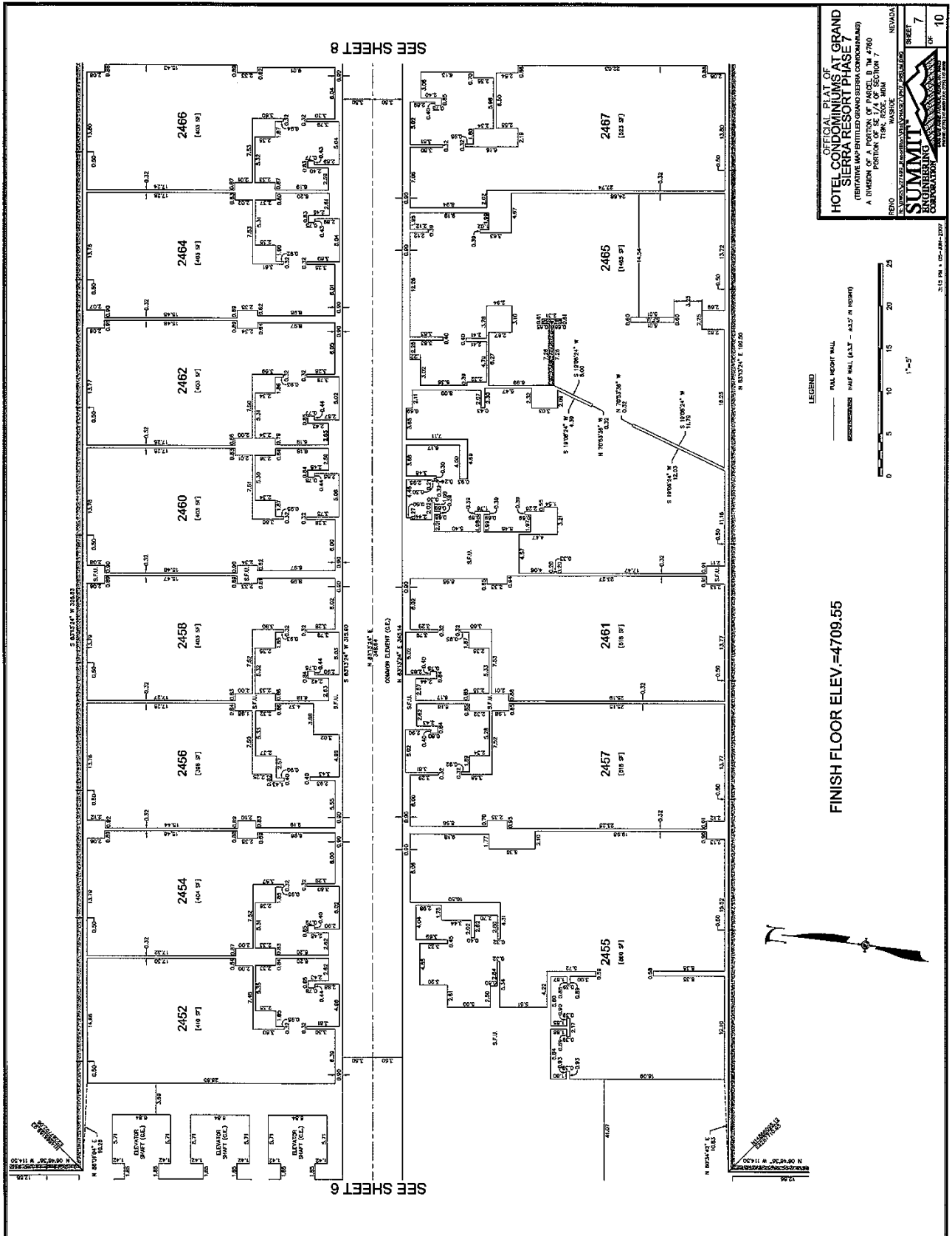
RENO WASHOE NVADA  
 T19N, R20E, MDM  
 N. JAMES L. ZIMMERMAN, P.E.  
 SUMMIT ENGINEERING CORPORATION  
 1000 W. 10TH AVENUE, SUITE 100, DENVER, CO 80202  
 SHEET 3 OF 10

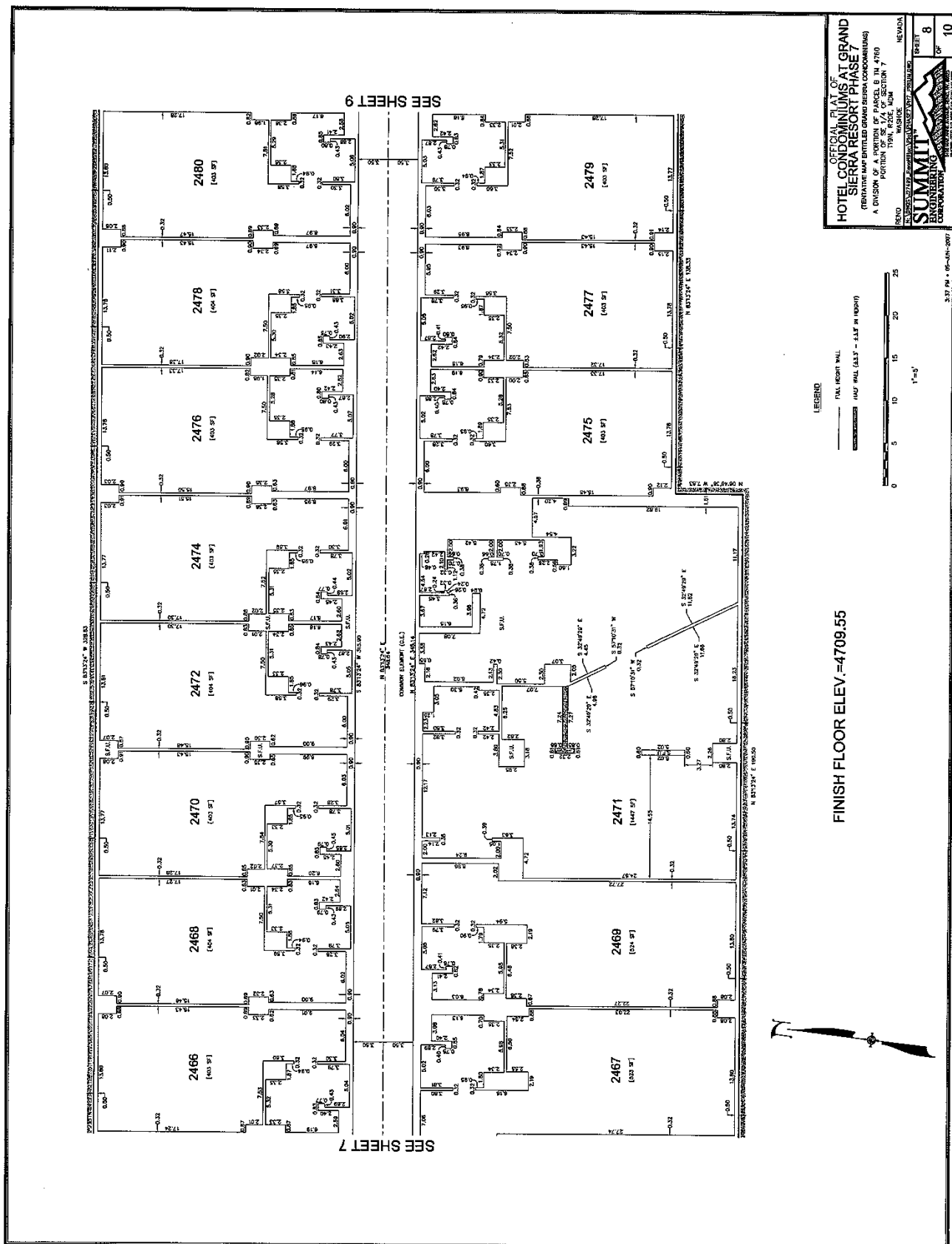
5:15 PM • 04-JUN-2009





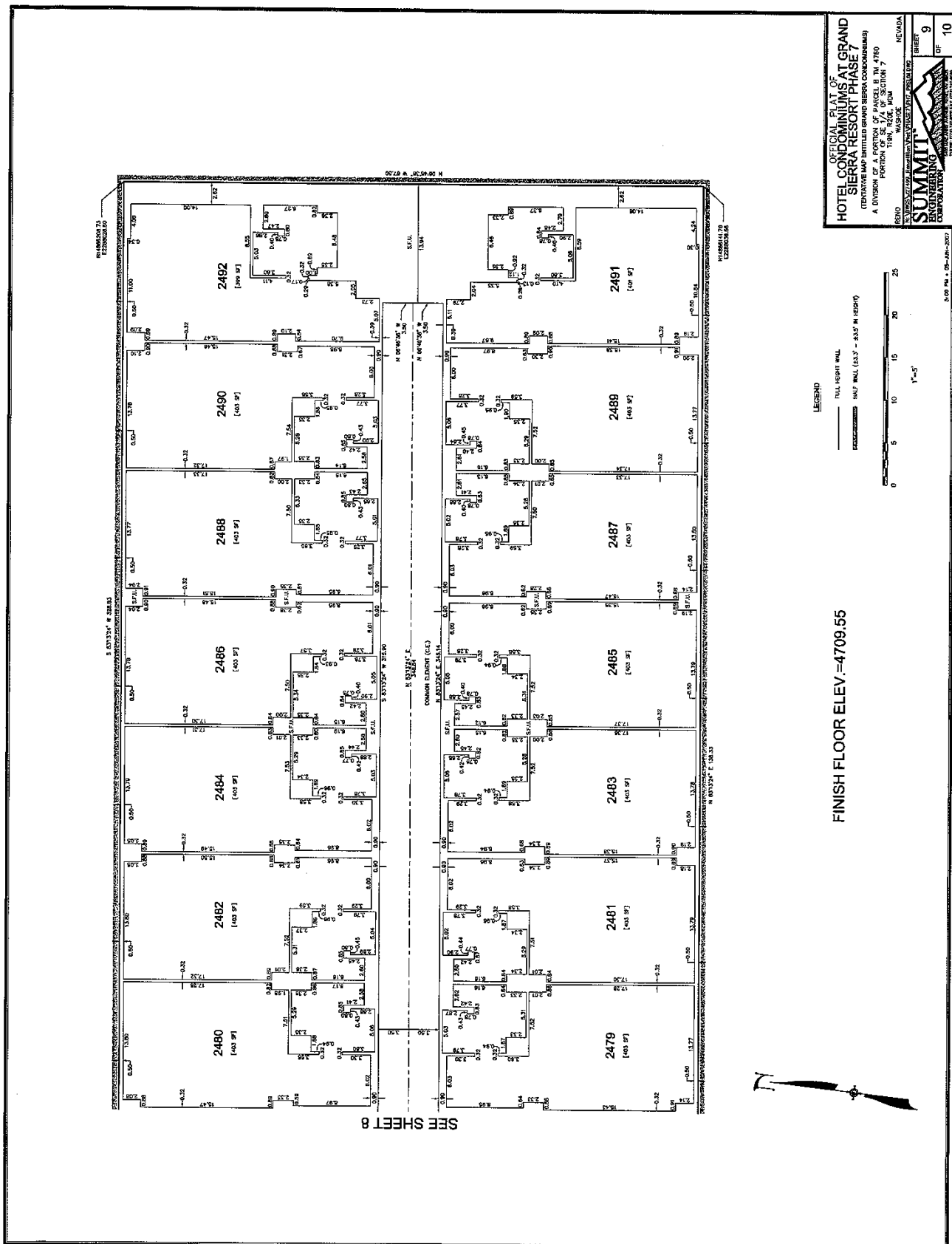






OFFICIAL PLAN OF  
 HOTEL CAMANCHE AT GRAND  
 SIERRA RESORT PHASE 7  
 (REPLACES PREVIOUS EDITIONS)  
 A DIVISION OF A PORTION OF PARCEL 8 IN 4700  
 PORTION OF SE 1/4 OF SECTION 7  
 T15N R10E S10E  
 WASHOE COUNTY  
 NEVADA  
 SUMMIT  
 ENGINEERING  
 CORPORATION  
 3317 PA - 06-10-2007  
 SHEET  
 8  
 OF  
 10



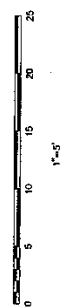


SEE SHEET 8

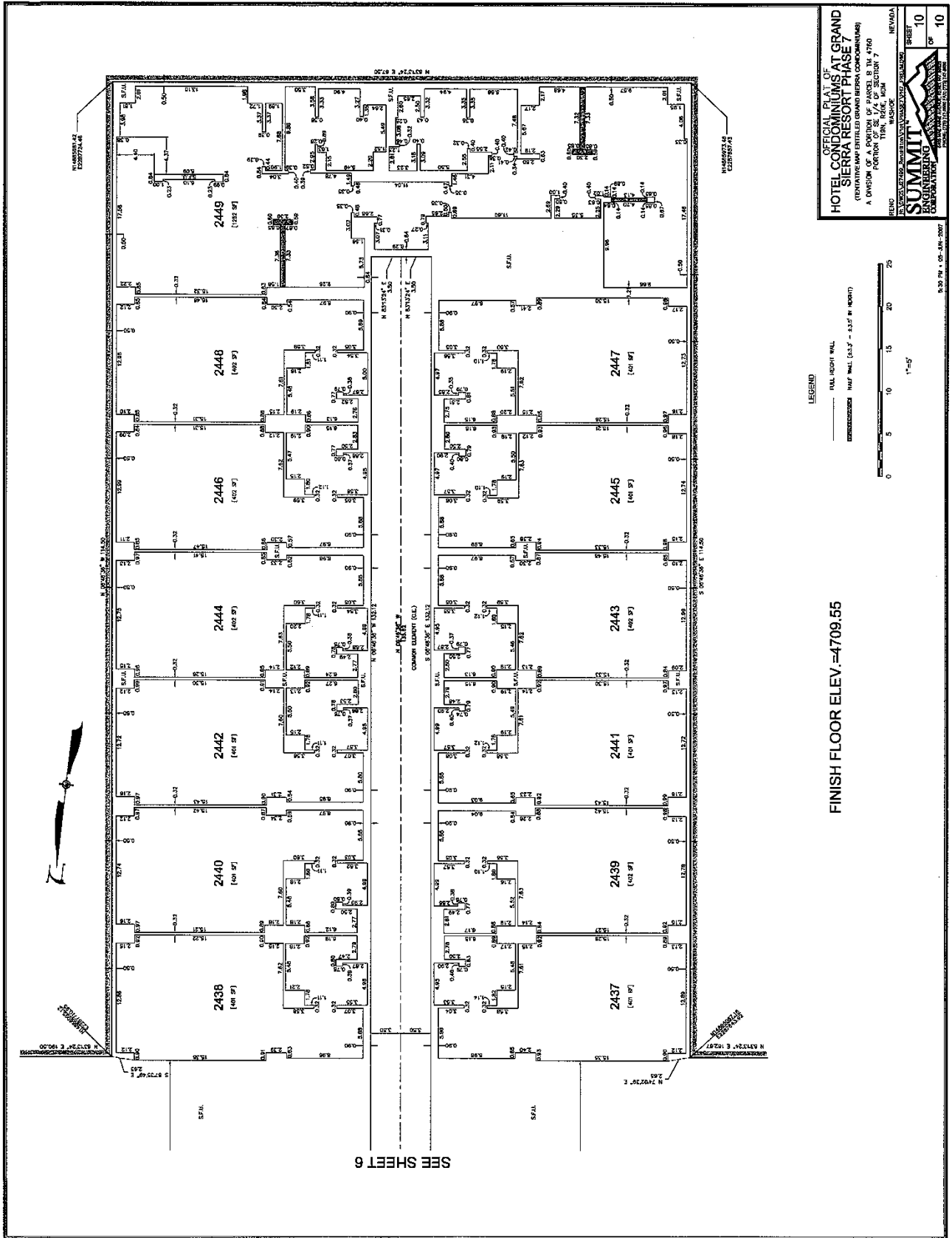
FINISH FLOOR ELEV. = 4709.55

LEGEND

- FULL HEIGHT WALL
- HALF WALL (6'3" - 8'3" H. ELEV.)



OFFICIAL PLAN OF  
**HOTEL CONDIMINE AT GRAND SIERRA RESORT PHASE 7**  
 (REVISED AND UNIFIED GRAND SIERRA CONDOMINIUMS)  
 A DIVISION OF A PORTION OF PARCEL B TO 4700  
 PORTION OF SE 1/4 OF SECTION 7  
 T14N30E04E04M  
 WASHOE COUNTY, NEVADA  
 RECD  
 SUMMIT ENGINEERING CORPORATION  
 1100 S. MAIN STREET, SUITE 200  
 LAS VEGAS, NEVADA 89102  
 SHEET 9 OF 10



# **EXHIBIT B**

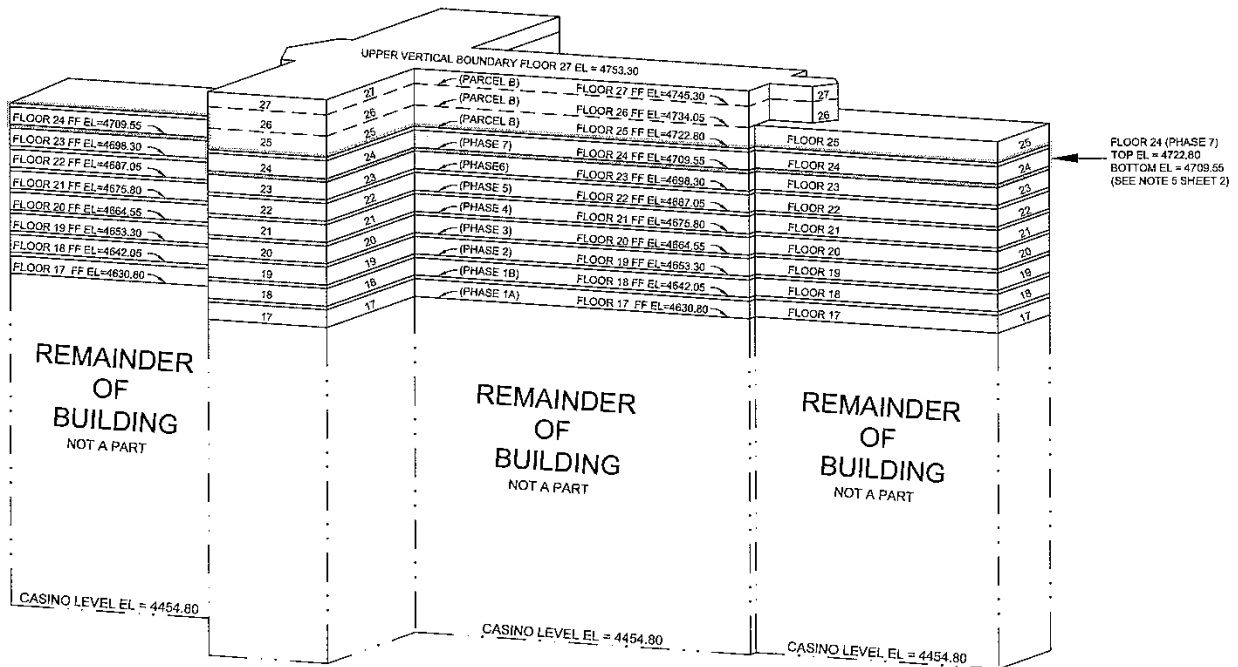
## **ALLOCATION OF ALLOCATED INTERESTS**

**Hotel-Condominiums at Grand Sierra Resort**  
**Allocation of Allocated Interests - Floors 17, 18, 19, 20, 21, 22, 23 & 24 Only**

Unit Model	Unit Qty	Unit Sq Ft	% of Ownership	Total Unit Sq Ft	Total % of Ownership
The Imperial Suite	16	1,340	0.394%	21,440	6.305%
The DMD Suite	6	2,101	0.618%	12,606	3.707%
The Loft (1)	8	922	0.271%	7,376	2.169%
The Loft (2)	4	1,006	0.296%	4,024	1.183%
The Loft (3)	4	856	0.252%	3,424	1.007%
The Presidential Suite	2	1,552	0.456%	3,104	0.913%
The Grand Suite (A)	64	558	0.164%	35,712	10.502%
The Grand Suite (B)	75	552	0.162%	41,400	12.174%
The Grand <sup>2</sup> (A)	250	427	0.126%	106,750	31.391%
The Grand <sup>2</sup> (B)	223	420	0.124%	93,660	27.542%
The Grand <sup>2</sup> (C) / The Flat	2	436	0.128%	872	0.256%
The Grand <sup>2</sup> (D) / The Flat	14	434	0.128%	6,076	1.787%
Delux Parlor Combined	2	1,600	0.470%	3,200	0.941%
SFU	1	420	0.124%	420	0.124%
	671			340,064	100.000%

# **EXHIBIT C**

**FUTURE EXPANSION PARCEL MAP  
[TO BE PROVIDED PRIOR TO RECORDING]**



**\* NOTE**

- PARCEL B IS THE FUTURE EXPANSION PARCEL. ANY AND ALL PORTIONS OF THE FUTURE EXPANSION PARCEL NEED NOT BE BUILT.

- ALL PORTIONS OF THE FUTURE EXPANSION PARCEL ARE SUBJECT TO DEVELOPMENTAL RIGHTS AS DESCRIBED IN THE DECLARATION

- ALL REAL ESTATE SHOWN ON THE OFFICIAL PLAT OF HOTEL CONDOMINIUMS AT GRAND SIERRA RESORT PHASE 1A, CONDOMINIUM TRACT MAP #4733, FILED ON THE 15TH DAY OF DECEMBER, 2006, AS FILE NUMBER 3475704, AND LABELED "NOT A PART", IS NOT SUBJECT TO DEVELOPMENTAL RIGHTS AS PART OF THIS COMMON INTEREST COMMUNITY, BUT MAY BE DEVELOPED BY THE DECLARANT OR OTHERS AS PART OF ONE OR MORE SEPARATE COMMON INTEREST COMMUNITIES.

**Plan of Development  
Exhibit C to CC&R Document**



S.F.U. BETWEEN CEILING AND FINISH FLOOR/ROOF ABOVE (HEIGHT VARIES)  
SEE NOTE 5 ON PAGE 2

GRAND SIERRA OPERATING CORP.,  
a Nevada Corporation

By: Robert H. Pace, Jr.  
Executive Vice President &  
Chief Operating Officer

STATE OF NEVADA )  
COUNTY OF WASHOE ) SS

Staci D. Mitchell a Notary Public in and for the County and State aforesaid, do hereby certify that Robert H. Pace, Jr., as Executive Vice President & Chief Operating Officer of Grand Sierra Operating Corp., a Nevada corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such officer, appeared before me this day in person and acknowledged that he signed and delivered the foregoing instrument as his own free and voluntary act of such company in his capacity, as the Executive Vice President & Chief Operating Officer of said company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 8 day of June, 2007

My Commission expires:

August 10, 2010



Staci D. Mitchell  
Notary Public

# **EXHIBIT D**

## **ALLOCATION OF SFU AND HOTEL EXPENSES**

### Hotel-Condominiums at Grand Sierra Resort

#### Allocation of SFU and Hotel Expenses - Floors 17, 18, 19, 20, 21, 22, 23 & 24 Only

Unit Model	Unit Qty	Unit Sq Ft	% of Ownership	Total Unit Sq Ft	Total % of Ownership
The Imperial Suite	16	1,340	0.395%	21,440	6.312%
The DMD Suite	6	2,101	0.619%	12,606	3.712%
The Loft (1)	8	922	0.271%	7,376	2.172%
The Loft (2)	4	1,006	0.296%	4,024	1.185%
The Loft (3)	4	856	0.252%	3,424	1.008%
The Presidential Suite	2	1,552	0.457%	3,104	0.914%
The Grand Suite (A)	64	558	0.164%	35,712	10.515%
The Grand Suite (B)	75	552	0.163%	41,400	12.189%
The Grand <sup>2</sup> (A)	250	427	0.126%	106,750	31.430%
The Grand <sup>2</sup> (B)	223	420	0.124%	93,660	27.576%
The Grand <sup>2</sup> (C) / The Flat	2	436	0.128%	872	0.257%
The Grand <sup>2</sup> (D) / The Flat	14	434	0.128%	6,076	1.789%
Delux Parlor Combined	2	1,600	0.471%	3,200	0.942%
	670			339,644	100.000%



# **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 F**

## **FORMULA FOR ALLOCATION OF ALLOCATED INTERESTS**

**Hotel-Condominiums at Grand Sierra Resort**  
**Formula for Allocation of Allocated Interests**

Unit Model	Unit Qty	Unit Sq Ft	% of Ownership	Total Unit Sq Ft	Total % of Ownership
The Imperial Suite	22	1,340	0.316%	29,480	6.960%
The DMID Suite	6	2,101	0.496%	12,606	2.976%
The Loft (1)	11	922	0.218%	10,142	2.395%
The Loft (2)	4	1,006	0.238%	4,024	0.950%
The Loft (3)	6	856	0.202%	5,136	1.213%
The Presidential Suite	8	1,552	0.366%	12,416	2.931%
The Solarium Suite	2	1,218	0.288%	2,436	0.575%
The Grand Suite (A)	64	558	0.132%	35,712	8.432%
The Grand Suite (B)	87	552	0.130%	48,024	11.338%
The Grand <sup>2</sup> (A)	320	427	0.101%	136,640	32.261%
The Grand <sup>2</sup> (B)	275	420	0.099%	115,500	27.269%
The Grand <sup>2</sup> (C)	2	436	0.103%	872	0.206%
The Grand <sup>2</sup> (D)	16	434	0.102%	6,944	1.639%
Delux Parlor Combined	2	1,600	0.378%	3,200	0.756%
SFU	1	420	0.099%	420	0.099%
	826			423,552	100.000%

# EXHIBIT G

## FORMULA FOR ALLOCATION OF SFU AND HOTEL EXPENSES

**Hotel-Condominiums at Grand Sierra Resort**  
**Formula for Allocation of SFU and Hotel Expenses**

Unit Model	Unit Qty	Unit Sq Ft	% of Ownership	Total Unit Sq Ft	Total % of Ownership
The Imperial Suite	22	1,340	0.317%	29,480	6.967%
The DMD Suite	6	2,101	0.497%	12,606	2.979%
The Loft (1)	11	922	0.218%	10,142	2.397%
The Loft (2)	4	1,006	0.238%	4,024	0.951%
The Loft (3)	6	856	0.202%	5,136	1.214%
The Presidential Suite	8	1,552	0.367%	12,416	2.934%
The Solarium Suite	2	1,218	0.288%	2,436	0.576%
The Grand Suite (A)	64	558	0.132%	35,712	8.440%
The Grand Suite (B)	87	552	0.130%	48,024	11.350%
The Grand <sup>2</sup> (A)	320	427	0.101%	136,640	32.293%
The Grand <sup>2</sup> (B)	275	420	0.099%	115,500	27.296%
The Grand <sup>2</sup> (C)	2	436	0.103%	872	0.206%
The Grand <sup>2</sup> (D)	16	434	0.103%	6,944	1.641%
Delux Parlor Combined	2	1,600	0.378%	3,200	0.756%
	825			423,132	100.000%



## WASHOE COUNTY RECORDER

OFFICE OF THE RECORDER  
KATHRYN L. BURKE, RECORDER

1001 E. NINTH STREET  
POST OFFICE BOX 11130  
RENO, NEVADA 89520-0027  
PHONE (775) 328-3661  
FAX (775) 325-8010

### LEGIBILITY NOTICE

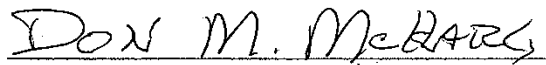
The Washoe County Recorder's Office has determined that the attached document may not be suitable for recording by the method used by the Recorder to preserve the Recorder's records. The customer was advised that copies reproduced from the recorded document would not be legible. However, the customer demanded that the document be recorded without delay as the parties rights may be adversely affected because of a delay in recording. Therefore, pursuant to NRS 247.120 (3), the County Recorder accepted the document conditionally, based on the undersigned's representation (1) that a suitable copy will be submitted at a later date (2) it is impossible or impracticable to submit a more suitable copy.

By my signing below, I acknowledge that I have been advised that once the document has been microfilmed it may not reproduce a legible copy.

  
Signature

6-27-07

Date

  
Printed Name



FILED  
Electronically  
CV12-02222  
2021-06-24 04:00:26 PM  
Alicia L. Lerud  
Clerk of the Court  
Transaction # 8512530 : yvilorla

**EXHIBIT "2"**

**EXHIBIT "2"**

## CONDO CAPITAL EXPENSE ANALYSIS January 2020 thru December 31, 2020

GSR Downloaded from BNA (property fixed asset system) all capital expenditures for Jan 1, 2020 thru December 31, 2020. 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 2020	\$ 1,409,637
<b>TOTAL "Common Area" Capital Expenditures</b>	<b>\$ 1,409,637</b>
 "FF&E" Capital Expenditures in 2020	 \$ -
<b>TOTAL "FF&amp;E" Capital Expenditures</b>	<b>\$ -</b>
 "HOTEL RELATED" Capital Expenditures in 2020	 \$ 204,868
<b>TOTAL "FF&amp;E" Capital Expenditures</b>	<b>\$ 204,868</b>
 <b>TOTAL CAPITAL EXPENDITURES THAT COULD BE FUNDED BY RESERVES: \$</b>	
	<b>1,614,505</b>

003223	Roof Repairs	Building Improvements	3/1/2020	346,500
003226	Add'l Laundry Renovations	Building Improvements	3/1/2020	3,444
003227	EVS Carpet Extractor	Furn., Fixtures & Equip.-New	3/1/2020	7,774
003222	Scale Software	IT-Software	3/1/2020	4,025
003224	Electric Switch	Building Improvements	3/1/2020	98,230
003635	CAP - FLANGE END NATURAL GAS VALVES	Building Improvements	11/1/2020	12,842
003212	DAS System- Installation Expenses	IT-Software	2/1/2020	1,344
003241	Additional DAS System (4)	IT-Software	4/1/2020	25,705
003351	Cyber Power Smart App	IT-Software	6/1/2020	2,296
003352	Cyber Power Standby	IT-Software	6/1/2020	3,871
003554	CM Communications-Cisco Fiber Extenders	IT-Hardware	8/1/2020	26,619
003602	NETWORK SWITCH & LIGHTFINDER	IT-Hardware	10/1/2020	768
003366	Casino Restrooms - PLANS	Building Improvements	6/1/2020	127,730
003367	Casino Restrooms - PERMITS & PLAN CHECK	Building Improvements	6/1/2020	2,317
003239	UniFocus Time Clocks	IT-Hardware	4/1/2020	56,563
003368	Casino Restrooms -	Building Improvements	6/1/2020	6,055
003393	Lobby Entrance - PLANS	Building Improvements	6/1/2020	67,661
003394	Lobby Entrance - PERMITS & PLAN CHECK	Building Improvements	6/1/2020	7,942
003395	Lobby Entrance - ABATEMENT	Building Improvements	6/1/2020	6,537
003396	Lobby Entrance - DEMOLITION	Building Improvements	6/1/2020	16,846
003397	Lobby Entrance - FRAMING AND DRYWALL	Building Improvements	6/1/2020	444,272
003398	Lobby Entrance - HVAC	Building Improvements	6/1/2020	132,896
003399	Lobby Entrance - PAINT/PAPER	Building Improvements	6/1/2020	50,201
003400	Lobby Entrance - GLAZING/SKYLIGHTS	Building Improvements	6/1/2020	47,566
003401	Lobby Entrance - STRUCTURAL STEEL	Building Improvements	6/1/2020	28,873
003402	Lobby Entrance - TILE/FLOORING	Building Improvements	6/1/2020	340,944
003403	Lobby Entrance - CARPET	Building Improvements	6/1/2020	8,517
003404	Lobby Entrance - ELECTRICAL	Building Improvements	6/1/2020	229,915
003405	Lobby Entrance - IRON WORK	Building Improvements	6/1/2020	63,489
003406	Lobby Entrance - MILLWORK	Building Improvements	6/1/2020	16,522
003407	Lobby Entrance - FIRE SPRINKLERS	Building Improvements	6/1/2020	31,031
003408	Lobby Entrance - LANDSCAPE	Building Improvements	6/1/2020	106,846
003409	Lobby Entrance - FIRE ALARM	Building Improvements	6/1/2020	12,054
003411	Lobby Entrance - A/V	Building Improvements	6/1/2020	2,753
003412	Lobby Entrance - PROJECT MANAGEMENT	Building Improvements	6/1/2020	75,475
003414	Lobby Entrance - SIGNAGE	Building Improvements	6/1/2020	19,489
003415	Lobby Entrance - LIGHTING	Building Improvements	6/1/2020	728,460
003439	Valet Office Remodel - PLANS	Building Improvements	6/1/2020	17,705
003440	Valet Office Remodel - PERMITS & PLAN CHECK	Building Improvements	6/1/2020	296
003441	Valet Office Remodel - DEMOLITION	Building Improvements	6/1/2020	43,124
003442	Valet Office Remodel - FRAMING AND DRYWALL	Building Improvements	6/1/2020	3,245
003443	Valet Office Remodel - DOORS AND HARDWARE	Building Improvements	6/1/2020	687
003444	Valet Office Remodel - HVAC	Building Improvements	6/1/2020	13,704
003445	Valet Office Remodel - PAINT/PAPER	Building Improvements	6/1/2020	2,261
003446	Valet Office Remodel - CARPET	Building Improvements	6/1/2020	3,210
003447	Valet Office Remodel - ELECTRICAL	Building Improvements	6/1/2020	11,524
003448	Valet Office Remodel - FIRE SPRINKLERS	Building Improvements	6/1/2020	2,228
003450	Valet Office Remodel - PROJECT MANAGEMENT	Building Improvements	6/1/2020	1,470
003452	Valet Office Remodel - SIGNAGE	Building Improvements	6/1/2020	1,645
003463	Porte Cochere Tile/Concrete - PLANS	Building Improvements	6/1/2020	62,276
003464	Porte Cochere Tile/Concrete - DEMOLITION	Building Improvements	6/1/2020	91,874
003465	Porte Cochere Tile/Concrete - CONCRETE	Building Improvements	6/1/2020	234,430
003466	Porte Cochere Tile/Concrete - ELECTRICAL	Building Improvements	6/1/2020	7,104
003467	Porte Cochere Tile/Concrete - LANDSCAPE	Building Improvements	6/1/2020	15,234
003468	Porte Cochere Tile/Concrete - PROJECT MANAG	Building Improvements	6/1/2020	68,113
003469	Porte Cochere Tile/Concrete - CURB GUTTER & S	Building Improvements	6/1/2020	16,413
003470	Porte Cochere Tile/Concrete - Open Recievers	Building Improvements	6/1/2020	834
003471	Lobby Vestibule - PLANS	Building Improvements	6/1/2020	7,813
003472	Lobby Vestibule - GLAZING/SKYLIGHTS	Building Improvements	6/1/2020	95,464
003473	Lobby Vestibule - CARPET	Building Improvements	6/1/2020	488
003474	Lobby Vestibule - PROJECT MANAGEMENT	Building Improvements	6/1/2020	15,431
003489	Upper Wlkwy & Ceiling - DEMOLITION	Building Improvements	6/1/2020	27,049
003490	Upper Wlkwy & Ceiling - FRAMING AND DRYWAI	Building Improvements	6/1/2020	915,239

003501	Upper Wikwy & Ceiling - LABOR	Building Improvements	6/1/2020	142,433
003507	Casino Wikwy Chandeliers - ELECTRICAL	Building Improvements	6/1/2020	5,731
003534	Lobby Entrance - GRAINITE	Building Improvements	6/1/2020	46,685
003535	Upper Wikwy & Ceiling - PLANS	Building Improvements	6/1/2020	15,083
003536	Upper Wikwy & Ceiling - DOORS & HARDWARE	Building Improvements	6/1/2020	5,347
003537	Upper Wikwy & Ceiling - IRON WORK	Building Improvements	6/1/2020	4,465
003538	Upper Wikwy & Ceiling - FIRE SPRINKLERS	Building Improvements	6/1/2020	27,976
003539	Upper Wikwy & Ceiling - GRAINITE	Building Improvements	6/1/2020	2,654
003544	Upper Wikwy & Ceiling - MILLWORK	Building Improvements	6/1/2020	4,880
003533	Lobby Entrance - CONCRETE	Building Improvements	6/1/2020	0
003475	Lobby Vestibule - LABOR	Furn., Fixtures & Equip.-New	6/1/2020	0
003349	Thermal Camera	Furn., Fixtures & Equip.-New	6/1/2020	11,886
003410	Lobby Entrance - FF&E	Furn., Fixtures & Equip.-New	6/1/2020	91
003413	Lobby Entrance - EQUIPMENT RENTAL	Furn., Fixtures & Equip.-New	6/1/2020	13,622
003416	Lobby Entrance - SURVEILLANCE	Furn., Fixtures & Equip.-New	6/1/2020	5,188
003417	Lobby Entrance - LABOR	Furn., Fixtures & Equip.-New	6/1/2020	75,427
003418	Lobby Entrance - STORAGE	Furn., Fixtures & Equip.-New	6/1/2020	8,821
003419	Lobby Entrance - Open Recievers	Furn., Fixtures & Equip.-New	6/1/2020	4,228
003449	Valet Office Remodel - FF&E	Furn., Fixtures & Equip.-New	6/1/2020	14,033
003451	Valet Office Remodel - EQUIPMENT RENTAL	Furn., Fixtures & Equip.-New	6/1/2020	1,400
003453	Valet Office Remodel - LABOR	Furn., Fixtures & Equip.-New	6/1/2020	17,177
003498	Upper Wikwy & Ceiling - EQUIPMENT RENTAL	Furn., Fixtures & Equip.-New	6/1/2020	18,454
003502	Upper Wikwy & Ceiling - FF&E	Furn., Fixtures & Equip.-New	6/1/2020	330
003503	Upper Wikwy & Ceiling - SURVEILLANCE	Furn., Fixtures & Equip.-New	6/1/2020	4,754
003504	Upper Wikwy & Ceiling - LIGHTING	Furn., Fixtures & Equip.-New	6/1/2020	11,463
003505	Upper Wikwy & Ceiling - STORAGE	Furn., Fixtures & Equip.-New	6/1/2020	10,858
003506	Upper Wikwy & Ceiling - Open Recievers	Furn., Fixtures & Equip.-New	6/1/2020	10,721
003369	Casino Restrooms - DEMOLITION	Building Improvements	6/1/2020	114,012
003370	Casino Restrooms - FRAMING AND DRYWALL	Building Improvements	6/1/2020	233,739
003371	Casino Restrooms - DOORS AND HARDWARE	Building Improvements	6/1/2020	2,586
003372	Casino Restrooms - HVAC	Building Improvements	6/1/2020	16,203
003373	Casino Restrooms - PAINT/PAPER	Building Improvements	6/1/2020	82,987
003375	Casino Restrooms - TILE/FLOORING	Building Improvements	6/1/2020	335,638
003376	Casino Restrooms - ELECTRICAL	Building Improvements	6/1/2020	152,828
003377	Casino Restrooms - PLUMBING	Building Improvements	6/1/2020	316,046
003378	Casino Restrooms - IRON WORK	Building Improvements	6/1/2020	47,830
003379	Casino Restrooms - MILLWORK	Building Improvements	6/1/2020	242,204
003380	Casino Restrooms - FIRE SPRINKLERS	Building Improvements	6/1/2020	4,903
003381	Casino Restrooms - LANDSCAPE	Building Improvements	6/1/2020	12,284
003382	Casino Restrooms - FIRE ALARM	Building Improvements	6/1/2020	33,938
003383	Casino Restrooms - GRANITE	Building Improvements	6/1/2020	136,622
003387	Casino Restrooms - LIGHTING	Building Improvements	6/1/2020	6,192
003426	Locker Rooms - PLANS	Building Improvements	6/1/2020	6,300
003427	Locker Rooms - ABATEMENT	Building Improvements	6/1/2020	3,010
003428	Locker Rooms - DEMOLITION	Building Improvements	6/1/2020	45,857
003429	Locker Rooms - FRAMING AND DRYWALL	Building Improvements	6/1/2020	107,700
003430	Locker Rooms - PAINT/PAPER	Building Improvements	6/1/2020	24,081
003431	Locker Rooms - TILE/FLOORING	Building Improvements	6/1/2020	110,388
003432	Locker Rooms - ELECTRICAL	Building Improvements	6/1/2020	38,880
003433	Locker Rooms - PLUMBING	Building Improvements	6/1/2020	57,427
003434	Locker Rooms - MILLWORK	Building Improvements	6/1/2020	3,302
003435	Locker Rooms - PROJECT MANAGEMENT	Building Improvements	6/1/2020	30,321
003384	Casino Restrooms - FF&E	Furn., Fixtures & Equip.-New	6/1/2020	67,320
003385	Casino Restrooms - PROJECT MANAGEMENT	Furn., Fixtures & Equip.-New	6/1/2020	70,862
003386	Casino Restrooms - EQUIPMENT RENTAL	Furn., Fixtures & Equip.-New	6/1/2020	10,270
003388	Casino Restrooms - SURVEILLANCE	Furn., Fixtures & Equip.-New	6/1/2020	19
003389	Casino Restrooms - LABOR	Furn., Fixtures & Equip.-New	6/1/2020	152,616
003390	Casino Restrooms - BUFFET ADDITIONAL	Furn., Fixtures & Equip.-New	6/1/2020	18,542
003392	Casino Restrooms - Open Recievers	Furn., Fixtures & Equip.-New	6/1/2020	225,467
003436	Locker Rooms - EQUIPMENT RENTAL	Furn., Fixtures & Equip.-New	6/1/2020	297
003437	Locker Rooms - LABOR	Furn., Fixtures & Equip.-New	6/1/2020	12,518
003438	Locker Rooms - STORAGE	Furn., Fixtures & Equip.-New	6/1/2020	2,043
003556	CASINO RESTROOMS-Carpet	Building Improvements	8/1/2020	374

003627	LAUNDRY SLING CARTS	Furn., Fixtures & Equip.-New	10/1/2020	6,442
003637	CAP - SECURITY ARMOR	Furn., Fixtures & Equip.-New	11/1/2020	6,724
003638	CAP - WALK THRU BODY TEMP METAL DETEC	Furn., Fixtures & Equip.-New	11/1/2020	18,424
003650	SURVEILLANCE/PBX HVAC PROJECT	Building Improvements	12/1/2020	6,874
003654	CAP - RE-ROOF AREAS 5 & 7	Building Improvements	12/1/2020	250,000
003656	CAP - PINE TREES FOR ICE RINK	Building Improvements	12/1/2020	38,855
003658	CAP - Plasma Air Purifier	Building Improvements	12/1/2020	448,650
003665	Porte Cochere Panels - TILE/FLOORING	Building Improvements	12/1/2020	35,134
003666	Porte Cochere Panels - ELECTRICAL	Building Improvements	12/1/2020	24,414
003667	Porte Cochere Panels - IRON WORK	Building Improvements	12/1/2020	520
003668	Porte Cochere Panels - LABOR	Building Improvements	12/1/2020	8,238
003672	Lobby Entrance - DOORS AND HARDWARE	Building Improvements	12/1/2020	650
003673	Lobby Entrance - GRANITE	Building Improvements	12/1/2020	2,500
003674	Upper Wlkwy & Ceiling - GLAZING/SKYLIGHTS	Building Improvements	12/1/2020	4,060
003669	Porte Cochere Panels - LIGHTING	Furn., Fixtures & Equip.-New	12/1/2020	4,869
003643	CABLES FOR SURVEILLANCE CAMERA	IT-Hardware	12/1/2020	4,764
003657	CAP - REFURB DELL OPTIPLEX PCS	IT-Hardware	12/1/2020	37,357
003662	CAP - THERMAL CAMERAS/FACE RECON LIC	IT-Hardware	12/1/2020	11,129
003603	CAMERA REPLACEMENT PROJECT	Furn., Fixtures & Equip.-New	10/1/2020	3,383

TOTAL	10,222,168
	13.79%
CAPITAL ALLOCATION TO "COMMON AREAS"	1,409,637

### "FF&E" CAPITAL EXPENDITURES:

CAPITAL FOR CONDO UNIT FF&E (@100%)	0
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### "HOTEL RELATED" CAPITAL EXPENDITURES:

003347	Acrylic Menu Stands (2500)	Furn., Fixtures & Equip.-New	6/1/2020	34,735
003525	Guest Supply Cubietime Alarm Clocks	Furn., Fixtures & Equip.-New	7/1/2020	52,316
003237	Fitness Equipment	Furn., Fixtures & Equip.-New	1/1/2020	20,113
003225	Front Desk Cubicles	Furn., Fixtures & Equip.-New	3/1/2020	3,757
003270	Pool Additions - FRAMING AND DRYWALL	Building Improvements	4/1/2020	3,089
003271	Pool Additions - ELECTRICAL	Building Improvements	4/1/2020	4,110
003272	Pool Additions - GRANITE	Building Improvements	4/1/2020	1,400
003274	Pool Additions - LABOR	Building Improvements	4/1/2020	43,116
003548	Pool Additions - PAINT/PAPER	Building Improvements	4/1/2020	886
003273	Pool Additions - FF&E	Furn., Fixtures & Equip.-New	4/1/2020	22,891
003651	CLEAR COMFORT SYSTEM INSTALATN	Building Improvements	12/1/2020	19,092
003454	Elevator Lobby - PLANS	Building Improvements	6/1/2020	29,017
003455	Elevator Lobby - ABATEMENT	Building Improvements	6/1/2020	2,156
003456	Elevator Lobby - FRAMING AND DRYWALL	Building Improvements	6/1/2020	159,863
003457	Elevator Lobby - PAINT/PAPER	Building Improvements	6/1/2020	6,726
003458	Elevator Lobby - ELECTRICAL	Building Improvements	6/1/2020	27,044
003459	Elevator Lobby - FIRE SPRINKLERS	Building Improvements	6/1/2020	11,255
003460	Elevator Lobby - PROJECT MANAGEMENT	Building Improvements	6/1/2020	4,351
003545	Elevator Lobby - TILE/FLOORING	Building Improvements	6/1/2020	67,270
003546	Elevator Lobby - MILLWORK	Building Improvements	6/1/2020	1,440
003461	Elevator Lobby - LABOR	Furn., Fixtures & Equip.-New	6/1/2020	7,524
003462	Elevator Lobby - STORAGE	Furn., Fixtures & Equip.-New	6/1/2020	1,825
003555	ELEVATOR LOBBY-Open Receivers	Furn., Fixtures & Equip.-New	8/1/2020	12,607
003580	Elevator Lobby - Carpet	Building Improvements	9/1/2020	14,980
003628	LMS MOBILE CHECK IN/OUT	IT-Software	10/1/2020	13,686
003660	CAP - HOTEL CAMERA COVERAGE	Furn., Fixtures & Equip.-New	12/1/2020	44,843

TOTAL	610,090
	33.58%
CAPITAL ALLOCATION TO "HOTEL UNIT"	204,868

## Reserve Study Notes:

### 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.

### Additional Notes in the "Common Area" Study:

- 1) The Pool Area is considered a Hotel Common Area. Future Renovation has been included in the Study
- 2) 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.
- 3) 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.
- 4) "Traffic Areas" around the Casino are considered Hotel Common Area because they are shared with Hotel Guests and Casino Customers.
- 5) 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.
- 5) The Hallways and Elevators have been included in a separate study because they are for Hotel Guests only.
- 6) The Pond and Golf Area 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.
- 7) All Utility, Mechanical and Systems have been included in the Study including Water Pumps, Condensing Pumps, Elevators, Escalators, Power Systems, Cooling Towers, etc.
- 8) The Asphalt Road Maintenance Schedule includes the surface maintenance treatment, overlay, crack seal, concrete curbing repairs and striping and curb painting.
- 9) The Asphalt Roads and Parking are considered Hotel Common Area because they are used by Hotel Guests as well as Casino Guests.

### Additional Notes in the "FF&E" Study:

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.

### Additional Notes in the "Hotel Related Components" Study:

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 it's original installation, require repair, replacement or restoration in excess of routine annual maintenance which is included in the annual operating budget of an association.

- 1) The Elevator Modernization has been included in the Study.
- 2) The Fitness Center Components include Flooring replacements, Painting, Equipment Replacement, TV's and Lighting and Electrical are included in the Study.
- 3) Maintenance of the Stairway area is considered an operational expense and has **not** been included in the Study.
- 4) The Front Desk Area Remodel has been included in the Study because it relates directly to the Hotel. This includes TV Replacements, Remodel, Lighting and Electrical.
- 5) Tile and Marble used at the Entrance Area to the Elevators are "lifetime" products that have as estimated useful life of over 30 years. Replacements have **not** been included in the Study. Other products such as veneer and furnishings have been included in the study as renovation.
- 6) The Hallway Renovation includes Painting, Wallpaper, New Furnishings, New Carpeting, Decorations and Lighting are included in Study.
- 7) Computer Equipment, Desks and Remodel of the Switchboard Room are considered an Operating Expense and have **not** been included in the Study.

# EXHIBIT "3"

FILED  
Electronically  
CV12-02222  
2021-06-24 04:00:26 PM  
Alicia L. Lerud  
Clerk of the Court  
Transaction # 8512530 : yvilorla

# EXHIBIT "3"

1 DAVID C. McELHINNEY, ESQ.  
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7 *Attorneys for Defendants*

8  
9 **IN THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**  
10 **IN AND FOR THE COUNTY OF WASHOE**

11 ALBERT THOMAS, et. al.,

12 Plaintiffs,

13 v.

14 MEI-GSR HOLDINGS, LLC., a Nevada  
15 Limited Liability Company, AM-GSR  
Holdings, LLC., a Nevada Limited Liability  
16 Company, GRAND SIERRA RESORT UNIT  
OWNERS' ASSOCIATION, a Nevada  
17 Nonprofit Corporation, GAGE VILLAGE  
COMMERCIAL DEVELOPMENT, LLC., a  
18 Nevada Limited Liability Company, and DOES  
I-X inclusive,

19 Defendants.

Case No. CV12-02222

Dept No. OJ37

**DECLARATION OF REED BRADY IN  
SUPPORT OF DEFENDANTS' MOTION  
FOR INSTRUCTIONS TO RECEIVER  
REGARDING REIMBURSEMENT OF  
2020 CAPITAL EXPENDITURES**

20  
21 I, REED BRADY, declare as follows:

22 1. Since February 2020 I have been employed at the Grand Sierra Resort ("GSR") as  
23 the Director of Finance and Accounting. I have knowledge of the matters set forth in this declaration  
24 and if called upon to testify would testify as set forth in this declaration.

25 2. Attached as Exhibit 2 to Defendants' Motion for Instructions to Receiver Regarding  
26 Reimbursement of 2020 Capital Expenditures is a true and correct copy of a spreadsheet I prepared  
27 documenting the capital expenditures to the GSR from January 1, 2020 through December 31,  
28 2020.

114582823.2



REED BRADY

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CV12-02222  
2021-06-24 04:00:26 PM  
Alicia L. Lerud  
Clerk of the Court  
Transaction # 8512530 : yvilorla

**EXHIBIT "4"**

**EXHIBIT "4"**

# **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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<b>Hotel Related Components Reserve Study</b>	<b>Tab 5</b>