

McCall Area Timeshare Association
Board Meeting
Boise, Idaho
April 8, 2011

The McCall Area Timeshare Association Board of Directors meeting was held at The Homewood Inn & Suites in Boise, Idaho on April 8, 2011

Present were Board Members Travis Leonard, David Holland, Spencer Koonz, Dick Brotherton, and Gary Turner.

Board President Travis Leonard convened the meeting at 8:45 PM

The minutes from the October 9, 2010 Board meeting were reviewed.

Gary Turner moved to approve the minutes as presented.

Spencer Koonz seconded the motion.

Motion carried unanimously.

Travis then passed around some comment cards that had been left by owners in recent weeks and they were reviewed by the Board members. Brief discussion followed on the comments regarding the new paint, unit photography and other recently up-dated items in the units.

The annual audit was the next agenda item to be discussed. Dave Holland prefaced the discussion with notation of a net decrease of \$74,000 and explained that most of that figure was due to bad debt write-off. He explained that the bad accounts have to be billed and booked as income until they get to the point that they have to be foreclosed and eventually have to be written off as bad debts. Dave noted that \$55,000 of the figure was for bad debt write-off and \$20,000 was for the jump in property taxes for the year. These two items had drilled the association, and increased power costs had also contributed to the shortfall in operating cash flow by the end of the 2010 fiscal year. Discussion followed on prior methods of dealing with this type of financial shortfall, including increasing maintenance fees and strategies to sell available weeks. Travis explained that he had asked Dave to go over the audit figures with him to try to help figure out ways to alleviate these problems. Discussion followed on the current recession, status of the percentage of sold units, current maintenance fees and general current economy issues. Travis noted that current information shows that the average resort has 25 to 35% non-performing weeks and that the good news is that MATA is at 5 to 6%. Prior to the recession that figure was closer to 1 to 2%, but MATA is still in better shape than most resorts. Dave stated that historically the resort has brought weeks back in during recession periods and that once the recession is over there is an opportunity to sell those weeks again. He noted that this has happened many times through the years. Dave then reported that he has pulled the financial statements for the past ten years and that he will do bar graphs for this year's annual meeting to show expenses, income and how things are going.

Gold Crown Resort was then brought up for discussion and Travis reported that he had been contacted by a representative of a Gold Crown Resort affiliate and that he and Dave had met with him. It was explained that Gold Crown Resort is a vacation club and is in direct competition with RCI and Interval International. Dave reviewed the history of exchange companies and how the rates, policies and procedures have changed. Weeks vs. points exchanges were explained and discussed and Dave reported that he had refused to consider changing over to points several years ago. He further explained the problems with the points system and further discussion followed on Gold Crown Resort, current exchange companies and problems and issues that have been encountered with the exchange companies. Travis reported that he has allowed Gold Crown Resort to contact owners and exchange guests to present their package and that presentation is an option for MATA owners, guests and

exchange guests. They can talk to the Gold Crown representative or not, it's up to them. Dave and Travis then reported on their visit to the Gold Crown office while they were in Florida in March and both stated that they were impressed with what they found. They both highly recommended Gold Crown Resort as an alternative to RCI and Interval International. Travis explained how the Gold Crown issue is being handled and some further discussion followed. Spencer Koonz stated that it would be nice to hear from owners who have bought into Gold Crown to see if they are satisfied and how things work out for them. Dave noted that it will take some time before there will be any feedback since this is a new endeavor and is just now being initiated. It was asked if there was anything that the Board needed to do with regard to this issue and Dave explained that it was just being discussed for informational purposes and that there was no Board action required. It was reiterated that this program is good for people who plan to travel every year, but that it would not be cost effective for people who don't plan to travel. Dave noted that the success of the resort depends upon the happiness of the owners. He explained that Gold Crown will also be working with Travis to try to move some of the unsold weeks, which will help with the financial situation.

The discussion then returned to the financial statement and the Jacuzzi issue. Figures were reviewed by the Board and Travis explained that by the August meeting there will be more information and a better picture of how to pull out of the financial downturn that was experienced in 2010. Dave noted the need to examine the figures to determine where things went awry. Travis explained that with the foreclosure weeks, there was approximately \$15,000 in attorney's fees that was over budget. Discussion followed. Dave explained that this type of downturn is indicative of recession. There was brief discussion on the current status of sold weeks at the Aspens and Aspen Village and it was noted that there are approximately 1600 owner weeks at this time. Dick Brotherton asked if Travis had an idea of the average age of current owners and Travis stated that he would estimate that the average owner age is 50 to 65 years. It was noted that many of the original owners have now passed and that many of the weeks are now owned by children and grandchildren of the original owners.

Discussion then turned to the issue of the Jacuzzis and Travis reported that he has been working with an architect in McCall. Plans have been drawn up and sent out to bid. The plans were reviewed by the Board members and Travis noted that the plans presented were stamped as not for construction and that the Board could recommend and make changes if they so desired. Plans, dimensions and type of equipment were reviewed and discussed. Insulation and dehumidification/heat system were also discussed, as well as possible decking materials. Travis reported that the Jacuzzis will be designed so that they can be pulled out for servicing. Flooring, windows, doors and key swipe access were briefly discussed. Travis explained that with a key swipe system, the doors could be set to lock at 10:00 pm rather than having to manually lock them at night. Timelines for getting the Jacuzzi construction completed were discussed at some length and it was decided that with concerns about getting concrete work done before winter weather sets in and since they will be done one at a time so that there will be one Jacuzzi available while the other is being worked on, it would be best to start this spring as soon as the weather and ground water levels permit. The Y Jacuzzi will be done first since it is in the worst shape, then the E Jacuzzi will be started upon completion of the Y Jacuzzi.

Travis then stated that financing the Jacuzzi project needed to be addressed and noted that three sets of bids have come in, two at \$50,000 per Jacuzzi and a third at \$45,000 per Jacuzzi. All three bids are from McCall area contractors and all are reputable companies. The Architect will be in charge of the construction, will take care of the bid process and will supervise the construction through completion. Discussion followed on the need for a supplemental assessment and the suggestion was made that since the assessment was going to have to be done, a buffer should be built into the amount assessed to make sure that there will

be enough to cover the Jacuzzi replacement project. Discussion followed on specifics of the plans and the suggested assessment amount of \$100 to \$120 per week owned, as well as the process that needs to be followed to do a supplemental assessment. Travis asked if the Board was in favor of doing the supplemental assessment with the understanding that the amount suggested will most likely result in a surplus that would be infused into the general account to help with the financial shortfalls now being experienced. Gary Turner asked how this would be approached with the owners. Dave Holland explained that owners will be notified of the Supplemental Assessment amount and it will be explained that anything left over from the Jacuzzi replacement project will go into the General Fund. Travis stated hesitance to do a Supplemental Assessment of \$100 now and then raise the Maintenance Fees by \$10 across the Board in the fall. Spencer Koonz suggested that the supplemental assessment be set at \$110 or \$120 and then leave the Maintenance Fees at their current level for next year. Discussion followed. Property tax projections and other expenses were noted and it was agreed that it would be wise to take preventive measures and set the assessment amount to better insure that costs can be covered. Dave Holland noted that Maintenance Fees are billed according to unit size, but that the supplemental assessment will be the same for all owners since it is tied to the Jacuzzis, which are equally accessible to all owners. Dave further explained that any surplus from the supplemental assessment will need to be used for items that will benefit all homeowners equally. There was further discussion and Travis was thanked for his work on the Jacuzzi issue. Travis is to email Board members with final figures and timelines. He stated that this needs to proceed and that the supplemental assessment notices need to be sent out within the next two to three weeks.

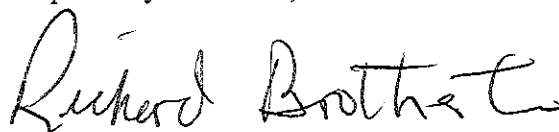
The August Board meeting was then addressed. It was noted that the August meeting has been held in Walla Walla for the past several years, but that Spencer will be traveling during that time this year and it will probably not be feasible to hold the meeting there this year. There was some discussion on holding the meeting in July or later in August, but it was decided that neither time would be feasible for various reasons. It was decided to hold the meeting somewhere in the Boise area on August 2nd and 3rd. Time and venue of the meeting will be decided closer to meeting time. It was noted that the Annual Meeting will be held in McCall on October 8th. The third Board meeting of the year will be done by telephone or email prior to the Annual Meeting and the fourth meeting will be held on October 8th after the Annual Meeting. Brief discussion followed on next year's meetings and it was noted that dates will be discussed and set at the October Board meeting.

There was no other business brought up for discussion and Travis entertained a motion to adjourn the meeting.

Dick Brotherton moved to adjourn

Gary Turner seconded the motion. Motion carried unanimously and the meeting was adjourned by Travis Leonard at 10:30 pm.

Respectfully submitted,



Richard Brotherton
Secretary