

**McCall Area Timeshare Association
Board Meeting
Hood River, Oregon**

April 13, 2004

Dave welcomed the board members to the April board meeting at the home of Norman and Patty Hukari. He especially thanked Patty for the lovely dinner and for hosting the board meeting in her home.

All board members are present including Dave Holland, Bill Geisler, Sandy Koonz, Dick Brotherton and Patty Hukari. After everyone had a chance to review the minutes from the October board meeting Dave asked for a motion to approve the minutes as written. Sandy made a motion to accept the minutes; Patty seconded. Minutes accepted as written.

Dave asked the members to recall his phone call to them a few months ago asking that the association pay for his Rotary Club membership. He asked for a motion to ratify that action. Sandy made a motion that MATA pay for Dave's membership. Motion seconded by Dick. Motion carried. Dave thanked the board.

Dave said he wanted to discuss some of the things that have been happening in the McCall area over the past few months. He referred them to the packet of newspaper articles Diana put together for each of them. Dave said over 3,000 new homes are scheduled to come into the McCall area. He said several members of his church have been renting their homes for years but have recently been given eviction notices because the homes have sold. The lack of affordable housing is becoming a serious problem.

We've all heard the stories about Park City, Vail and Sun Valley where the service people couldn't afford to live there anymore. They were forced to commute long distances in order to work in the resort area. Consequently the cost of labor goes sky high. Dave said Diana mentioned to him that last week's newspaper had four columns of want ads, whereas in the past there's only been about one column of ads. This is extraordinary in that it's only April. Dave said he's really concerned about our employees who don't own a home and what it means to us in the long term.

There are other timeshares like Hearthstone in the area that are competing with us. Dave said he calls them the timeshares of the rich and famous. They go so far as to set tee times for you, arrange babysitters, go grocery shopping etc. These are the kinds of services people are demanding these days.

Dave said he and Carol had a highway patrolman living with them all winter while he was building his home. He stopped by the other night and told them that the State Police have been notified that they expect 3,000 contractors to be moving into the area by June.

Dave said we're not ready for this kind of impact. Every campground, hotel and motel from Cascade to New Meadows is booked.

Dave said the other day he toured the new RV park in McCall. It has 160 pads in its first phase. It's right along the river just across from the Smokejumper base on Mission Street. Dave referenced one of the articles in the packet that mentions a new 60-lot subdivision going in just across the river from the RV park.

Dave said that with all this in mind he's really getting alarmed about what this will do to our budget as far as labor costs go and how that will translate into higher maintenance fees. Our market segment is typically folks who watch their money and until now our fees have been very competitive. We haven't been operating in a regular environment like Hawaii or Southern California. We've had low property taxes, relatively low labor costs and no 24-hour desk. Dave said he can foresee our maintenance fees climbing by leaps and bounds over the next five years because our service people have to be able to live.

On the other hand, the demand for rentals in the Aspens and Aspen Village has increased. Dave said he talked to the managers at McCall Vacations and they said most people want to stay either at the Aspens or Aspen Village because of the Sports Club, the outdoor pools and the tennis courts. They raised their rental rates last fall and have kept them there. Dave said he decided we should raise our rental rates too, so we just raised them from \$100 to \$125 for one bedrooms, from \$125 to \$150 for two bedrooms and from \$150 to \$175 for three bedrooms.

When the rental rates to non-owners go up they should go up for owners as well. What's happening is that owners are asking us to rent their units only to non-owners because of the better rate. It's their prerogative. Dave thinks that the owners should be paying 50% of the non-owner rates. He also feels the three bedrooms should rent for fifty dollars more than the two bedrooms because of the increased number of people it will sleep. He believes that we should adjust the rate for high and low seasons. Suggested prices might be, \$150 for one bedrooms, \$175 for two bedrooms and \$225 per night for three bedrooms during the high seasons. During the low season it would run \$125, \$150 and \$200, respectively. All we can do is suggest this to the homeowners at the annual meeting.

Dick asked what the chances are of renting a unit out for an entire week- say for the contractors coming in. Dave said that probably wouldn't happen because contractors wouldn't want to move to a new unit every week. Dave said he really wouldn't want contractors in the units anyway.

Patty likes the idea of higher rental rates. It just makes sense. Dave said these prices are what he's recommending to the board, coming to them as the management company. This is where the market is and we should be recovering this for the homeowners who choose to rent.

Bill made a motion that we ask the management company to raise the rents according to what has just been discussed. Dick seconded. Motion carried.

Dave said traditionally the owners have paid about 50% less than non-owners. This way the owner rate will move accordingly. Bill suggested that the board re-visit this issue at the August board meeting. We may want to increase rates again.

Dave said he wanted to update the board on recent improvements made in the units. One thing not on the agenda is the new gas barbeques purchased for all the three bedroom units. Dave told the board that within the first week of having them available someone stole one of the propane tanks that went with the grills. Thankfully, they left the barbeque. Dave said we've now chained all the tanks to the grills.

The two bedrooms are getting new carpet and vinyl right now. There are three toilets in each two bedroom unit. Dave is having all the bolts, rings, connections, etc. replaced when the toilets are re-installed. Dave passed around pictures he took yesterday that show the new carpet, vinyl and ceiling lights in the kitchens in the two bedroom units. The board members expressed their approval of all the updates.

Dave said the next step is paying for all these improvements. Referring to the audit, he mentioned that we were to the good about \$9,000 last year. Now we're approximately \$33,205 to the good overall. That's the highest we've ever been, however, we need to transfer monies from the reserve accounts to cover some of these costs.

Patty made a motion that Dave transfer funds from the reserve accounts, as needed, to cover the costs of the carpet, vinyl and lighting in the two bedroom units. Sandy seconded. Motion passed unanimously.

Dave mentioned that he bought new stoves for the W building. The C building stoves will have to be special ordered because they're narrower than normal. He wants to hold off on that because of the excess cost of this year's improvements.

Another project we're working on for 2005 is installing new TVs in the units. Dave has a guy working part-time running new cable to the upstairs. Dave said the TVs we have now are 12 years old and won't even accommodate a DVD player. He's looking at TVs that have built-in DVDs, etc. Patty suggested using the older TVs upstairs but Dave said they're so old and worn it's time to replace them. Bill thinks we need to have bigger TVs. Dave said he doesn't want to overwhelm the living rooms with too large a TV but the new flat screen TVs might work. New TVs will be a major outlay. We may have to do it in phases like we did the carpet and vinyl.

Dave is also looking at installing wireless internet service for the timeshares. The local company will install the equipment in the attic space in K-53. By the end of the year we'll have that capability. Dave mentioned that many times guests are upset because we don't have internet access in the condos.

Dave mentioned a wonderful old homeowner, Mel Morrow, who sent us several of his old movies and that inspired Dave to donate some of his movies as well. Dave said he bought numerous games and a few books to add to the collection and all these are available for free check out. It's really been a big hit.

The next item for discussion is the picture project. We've been working with McCall Gallery on providing new pictures for the units. Dave showed the board members examples of their photography. You can view them on the internet as well. Dave wants pictures of the local area in the units. We'll use some of the pictures on our web site and some in the units. Dave said for example a 60x30 picture mounted on hardboard about 1/2 inch thick would run about \$200. However, he's talked to people who have had that and their complaint is that the edges get banged up. Sandy feels that frames set off pictures. Everyone agreed the photographer has done a beautiful job.

Dave said when you start adding up the number of pictures for the whole complex it's really expensive. The one bedrooms would run about \$400 a piece, the two bedrooms about \$563 and the three bedrooms about \$600. That price includes some framing.

The Interval International demand index came out the other day. They are getting away from the color codes in the directory and going to a point system. It will be called a demand index which can be changed at will. Dave said it's really scary but with McCall booming now it might be OK. That's one of the reasons he created REO, to help our owners in exchanging. The index will affect our owners' ability to trade. They give so many points for your area, the size of your unit, how many requests they have for your week, the attractions in the area, etc. As demand for our resort increases the need for REO may diminish.

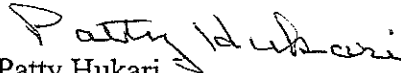
Dave pointed out the article in the Star-News about our resort receiving the Resort of International Distinction award from RCI. He thinks it will be a really nice thing to report to the homeowners in October. We've got the plaque on the wall in the front office that shows the award for 2004.

The financial report and audit were next on the agenda for discussion. Of course the bottom line is the most important. On page three of the audit it shows the excess revenue over expenditures of \$9,266. Accumulated over all the years we're \$33,205 to the good. Dave is really happy with these figures.

Dave confirmed that the next board meeting will be in Walla Walla, Washington on August 17th & 18th.

Dick Brotherton made a motion that the meeting be adjourned. Patty seconded. Motion carried unanimously. Meeting adjourned at 8:40 p.m.

Respectfully submitted,


Patty Hukari
Secretary