

MATA Board Meeting in Hood River Oregon – Comfort Inn

April 24, 2001

The meeting was called to order at 8pm

Patty Hukari, Sandy Koonz, Richard Brotherton, Corman Geisler, Dave Holland present.

Dave Holland called for any changes to minutes from previous board meeting. There was unanimous approval of the October 21, 2000 minutes.

Dave informed the board that they would spend time reviewing the concerns of homeowners regarding improvements to the units.

Election of officers for the year 2001 was overlooked in the last meeting. Dave announced that he would like to take care of officer appointments at the beginning of this years meeting. Currently the officers are as follows: Dave Holland as President, Corman Geisler as Vice President, Patty Hukari as Secretary, Sandy Koonz as Treasurer. It was unanimously decided that the officers would remain the same for 2001.

A renewal contract was received from RCI for the next six years. It states that all terms are to remain the same. Dave suggested no changes as they have had a great relationship with RCI in the past. Dave suggests automatic renewal. Patty Hukari makes motion to maintain contract as is, Corman Geisler seconds the motion and it is unanimously approved.

February 7, 2001 it became apparent that AVCOA was under budgeted on fixed costs in the 2001 budget. Dave contacted board members for approval to submit supplemental budget to homeowners. It was accomplished. Motion to ratify the approval of the supplemental assessment was unanimously approved.

Due to large amounts of monies in the MATA accounts, Dave Holland reviewed interest rates and researched if the monies were held in the appropriate accounts. Currently there are two accounts held at Washington Federal. One account is for savings. Dave Holland changed that account to a money market account and moved \$100,000.00 out of the general account and moved it into a certificate of deposit for six months so more interest earnings occur. Interest was at 5.6% in February at the time of the change and will be up for reinvestment on June 15th 2001. The positive aspect of the CD – if needed, withdrawals could be made without penalty and the balance could remain and continue to earn interest. Dave presented signature cards for the Board Members to sign for both the CD and the money market account. Dave confirmed that the card for the CD and Money Market Fund were signed. Dave called for ratification for the movement of monies described above. Unanimously approved.

No taxes have been paid on MATA income since 1988. Accountant, Rick Lamm, researched wording by IRS which requires that taxes be paid on interest income. Timeshares, specifically, are responsible for 32% taxable income reported on form 1120-H. Monies earned from interest on MATA bank accounts is considered as taxable

income. Monies collected from dues or fees assessed and collected from homeowners is not taxable. Dave asked that we move forward unless directed otherwise and under the advice of Rick Lamm, he urges the board to comply with this tax beginning in 2001. No motion required.

The interest income tax monies, approximately \$3,000.00 will need to be accounted for in the 2002 budget and in subsequent years. The Aspens Homeowners Association has paid taxes all along, but on all revenue not just interest monies. Dave pointed out to the Aspen's board that this was wrong. The Aspen Homeowners Association found a clause stating that if 60% of the owners are living in the general area as primary residents that they would be exempt from this tax. However, further research shows that this does not apply to our owners so we need to move forward planning on a yearly tax bill on interest revenue.

The budget report for the 2000 audit was reviewed. The board members were directed to a schematic located inside the audit for review. The summary refers to audits from 1982 through the year 2000. All audits were accounted for and compiled in one binder. Each year-end status of operating costs was reflected and plotted on a graph illustrating operating costs over the past eighteen years. Dave looked at the pattern of ups and downs and revisited the issues that corresponded with high operating cost years. It was noted that during years when there are no renovations performed that MATA climbs out of debt. The goal is to move the deficit up toward the positive and still accomplish improvements effectively.

Dick Brotherton asked what put MATA into the negative of \$47,000.00 in the year 2000. Dave indicated that thirty condos were painted with a considerable labor expense as furniture was moved from unit to garage storage, walls were cleaned and prepped and then painted. Also, a special assessment from Aspen Village that was budgeted at \$31,000.00 came in year end with an actual cost of \$48,000.00.

Dave reviewed a detailed list that he provided that reflected items accomplished since 1998 (see attached exhibit A). These items basically represent a rebuilding and restocking of the units, inside and out, including the AVCOA settlement and all associated legal fees. Dick Brotherton asked for clarification of French doors and slider doors and if slider doors, which were recently replaced will eventually be replaced with French doors. The answer was yes, as the need arises. In keeping with providing for the homeowners comforts, Patty Hukari made a motion to put wine glasses in the units. Unanimous approval was obtained. *Except for Richard Brotherton who voted No. PH*

Dave continued with review of the budget and announced that MATA has seventeen weeks that have been foreclosed on. Dave informed the board that he will try to sell many of them and use the revenue to elevate MATA towards the black in operating costs. However, Dave cannot rely on monies from the sale of units as the sole resource for this turn around and suggested that the \$31,000.00 assessed to the homeowners this past year not be touched. Bill Geisler asked if MATA could operate without touching the \$31,000.00 in 2001. The answer was yes. This does not mean that improvements cannot

be made in 2001. The current budget allows for two line items, \$30,000.00 repairs and maintenance and \$16,000.00 for replacements which has been nearly exhausted by the purchase of dishwashers, bedspreads, mattresses, pots and pans and the like. There remains about \$20,000.00 for repairs and maintenance for the year 2001. This buffer would be good to maintain for the anticipated 36% electricity increase and for other potential cost elevations. Also, for \$6,000.00, Dave would like to install in the three bedroom units, new glass-top ranges. This improvement would basically complete the three bedroom renovations.

Replacement of the carpet remains as the next large expense. Patty Hukari recommended steam cleaning last year. Dave provided samples of carpet stored in the garage before and after the cleaning. The previous Chem-Dry cleaning was not as effective. This steam cleaner will appease the homeowners immediately and allow for a little more time to accomplish the carpet replacement. Carpet and upholstery will be able to be cleaned with this process. Dave would like to move forward with steam cleaning all of the units prior to June. The board was asked to approve this. Dick Brotherton was concerned that the steam cleaning would not be long term as the stains come back. He also expressed concern that a high nap carpet is difficult to maintain and that when carpet is replaced that less nap should be taken into consideration. Dave requested direction from the board on how he should proceed. If MATA maintains the \$31,000.00 this year they have something to work with next year to begin the carpeting. The carpet replacement would begin with the one bedroom units and finish with the larger three bedroom units.

Dave strongly anticipated that the Aspen Village will be asking for a special assessment in 2001 for the complete renovation of the Sports Club. The current quote submitted by an engineering firm came in at \$280,000.00. The Aspen Village will have approximately \$50,000.00 in the black to work with in 2001. The reserve of \$50,000.00 in 2001 and next years estimated \$50,000.00 in reserves will reduce the cost outlay of Aspen Village for the Sports Club renovation.

Ed Herschberger is the President of the Aspen Village Homeowners Association and has been working on review and rework of the Sports Club membership and management parameters. The "Sport Club, Inc." was eliminated and included on the same financial statement as the Aspen Village. This has taken place and it is now called the "Aspen Village Sports Center". Now the Sports Center is unquestionably owned by the Aspen Village and is considered Common Area. Dave discussed the letter from a local attorney who represents the Sports Club "Lifetime Membership" owners threatening a potential class action suit. Dave has been working with Ed Herschberger to resolve this issue. One resolution was for MATA to raise the lifetime membership from \$25 per month to \$80 per month. Though this move created a \$3,000 MATA budget overage, it will help towards the renovation of the Aspen Village Sports Center. Patty Hukari and Bill Geisler moved to ratify. Unanimous.

A five-minute break was called for.

Meeting resumed. Dave asks for any questions regarding the budget and the suggestions put forth for moving forward and would like to respond to a letter received from Mrs. Dietsch. Mr. and Mrs. Dietsch's letter was discussed at length and Dave was instructed to respond and let them know all the items that have been accomplished and that the board appreciated their letter and will do all it can do to replace the carpets as soon as possible.

Dave commented on the high quality of maintenance service from Ron Dean and praised his work. Dave asked the board members to independently acquire samples of carpet they think would be good to use in the condos and bring them to the next meeting. They will be reviewed and a decision will be reached. Dave asked the board members to keep in mind that the decision should take into consideration logistics such as dye lots and quantities ordered and make sure that the carpet will be available in subsequent years. Carpet might be able to be stored in the Aspen Village storage lockers. The entire re-carpet process might take two to three years.

Regarding the RCI renewal contract, it was suggested that the installation of sliding windows in the lofts would satisfy the RCI "two bedroom/three bedroom" listing. Dave describes the contour of the building and the need to make such a change look as though it was planned during the original building. The installation of a laminate beam with sliding windows was suggestion put to Dave by the remodeler, Mark Barber, at a cost of \$7,000.00 for the total project. The Aspen #9 unit does not have a vaulted ceiling and would not require a laminate beam. This change would satisfy RCI and they would be able to call the units "three bedroom" units. Photos were sent to RCI and they approved the suggested resolution. Upon completion of any installation of sliding windows, an RCI representative will fly out, inspect and confirm that the change is acceptable. Dave suggested that if, toward the end of the year, there looks like monies would be available to accomplish this change it should be done. A motion was made to accept this; it was seconded and unanimously approved.

The Executive Summary for Heating and Air Conditioning improvements submitted by an engineering firm to the Aspen Village Sports Center were handed out to the board members for review Dave illustrates to the board his confidence in Ed Herschberger to resolve the Sports Center problem.

The outdoor swimming pool will be rebuilt this spring using monies left over from last year. Lawns are being thatched at this time. The Aspen Village is having a concrete man look at concrete that needs repair. There is a lot of maintenance going on at this time.

The Sport Club renovation concept is to isolate the swimming pool side of the building from the rest of the building. There would be a cool air system that would eliminate the humidity problems in the facility. The swimming pool area would have a separate heating and ventilation system. Currently, a large portion of the facility has never been insulated. The engineering report addresses all of these concerns. The Sports Club is critical to the Aspen Village and is an integral part of the MATA timeshares. Dave expressed how he feels MATA needs to pay for their share of the renovation. Based on the current monthly

contribution to the Sports Center by the one and two bedroom units, Dave anticipates that the three bedroom units will have an increase in their AMF dues in 2002.

Dave presented the idea that Bill Geilser had years ago that a few of the locker facilities could be changed into on-site laundry facilities. Currently, we do all laundry – 120 to 150 loads on Monday and Tuesday and more on Thursday – at the Aspen Market during summer months and see that no monies are being put into the improvement of the Aspen Market building. Dave spoke with Maytag about acquiring commercial machines. Maytag suggested two thirty-five pound machines and four dryers to accommodate the current laundry load. Currently, MATA puts approximately \$3,000 per year into the use of the Aspen Market laundry machines. Purchase of new equipment would be approximately \$16,000 with an approximate payback time of five years (equipment only). In addition, unit #123 neighboring unit #124 has a garage that might be able to be purchased and turned into a laundry facility with machines and folding tables. Or, the purchase of a satellite location zoned for commercial use would be feasible as well as build equity. Bill Geisler inquired about acquisition of property behind the Aspen Market. Dave mentioned that because it is common area, it would require 100% cooperation of all Aspen Village residents and that it would be unlikely. Dave suggested that being independent is the direction to move toward and that the process might require a loan. Dave will continue to research these options.

Dave announced the new website for Aspen Vacation Ownership to the board members and encouraged them to visit the site.

Dave discussed the potential for Direct Exchanges and that he looked at the possibility of creating a business to serve this need several years ago. Dave saw the potential for this project on site to accommodate homeowners and announced to the board members that this service will be provided on site and called REO, Resort Exchange Opportunities. The opening date for this person-to-person service will begin on June 1, 2001.

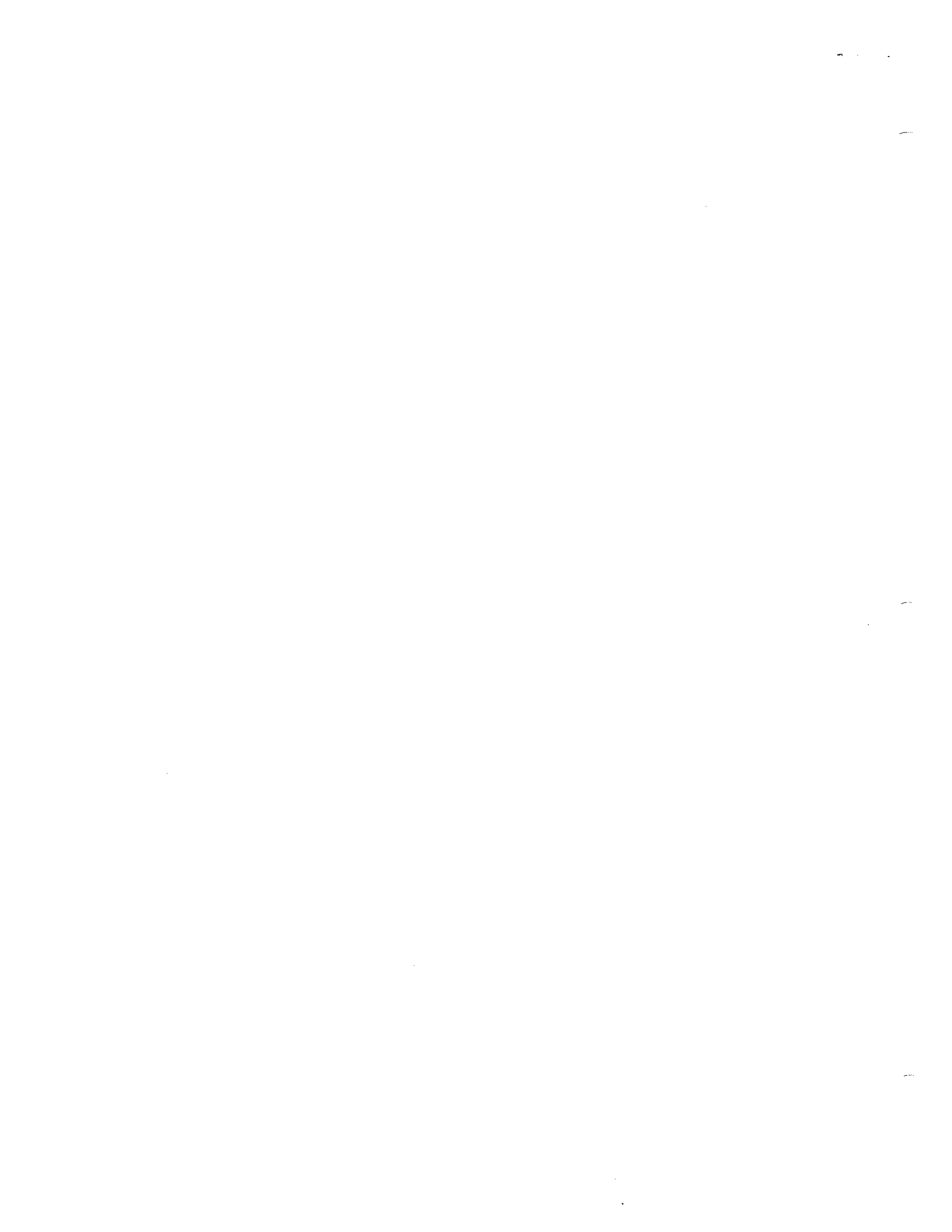
Dave made a motion to adjourn the meeting and all agreed.

The next board meeting will be in Walla Walla, Washington on the 14th, 15th and 16th of August 2001.

Respectfully submitted,



Patty Hukari, Secretary



Summary of MATTA Yearly Audit of Financial Statements

1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000

