

**McCall Area Timeshare Association
Board Meeting
Walla Walla, Washington
August 8, 2007**

The McCall Area Timeshare Association Board of Directors meeting was held in Walla Walla, Washington at the home of Sanford & Dorothy Koonz on August 8, 2007.

Present were Board Members David Holland, Dick Brotherton, Sandy Koonz, and Travis Leonard. Gary Turner was absent as he was involved in fire suppression efforts in Idaho. Also present were Dorothy Koonz and Donna Brotherton. Board President Dave Holland convened the meeting at 9:30 p.m.

First item of discussion was approval of the Minutes from the April 28, 2007 Board meeting, which had been provided to Board Members for review prior to the meeting. Sandy Koonz moved to approve the minutes as presented. Travis Leonard seconded the motion. Dave asked if there was any discussion. None was presented and the motion carried by unanimous vote of Board Members present.

Dave then brought up In-house Exchanges. He explained that owners are only guaranteed the week and unit that they own. So far owners have not been limited for trades from season to season, but once an owner has relinquished his or her week for exchange, they have 51 weeks to get an in-house exchange. Dave has instructed Linda Branstetter that owners can trade down if they wish, such as a three bedroom unit owner may trade down to a one or two bedroom unit, a two bedroom unit owner may trade down to a one bedroom, etc. However, if someone owns a smaller unit and wants to trade up to a larger one, Dave suggested that there should be an up-grade fee involved. He recommended that the charge for an up-grade from a one to a two bedroom unit or from a two bedroom unit to a three bedroom unit should be \$25 per day, and that an up-grade from a one-bedroom unit to a three bedroom unit should be \$50 per day. He noted that if owners opt to trade down, there would be no charge, but if they trade up we need to have something that will discourage them from continually trying to trade bad weeks for good weeks in larger units than they own. The up-grade fee could be waived in certain cases. Dave also reported that owners are showing up with more people than the units are designed to hold and that this cannot be allowed due to fire code and safety issues. Dick Brotherton noted that the Association has had occupancy policies for some time, but that it's a matter of catching non-compliant owners and enforcing the policy. Dave reported on some instances this summer that were caught by the office staff and that the policy was enforced. Dave entertained a motion to initiate the in-house exchange up-grade fees policy.

Dick Brotherton moved that an up-grade fee of \$25 per day for up-grade to one size larger units and \$50 per day for up-grade to two size larger units be charged on in-house exchanges.

Sandy Koonz seconded the motion. There was no further discussion and the motion carried.

The next item of discussion was RCI & Interval International exchanges. Dave explained that in the past owners could only deposit one year at a time. The exchange companies then went to two years and now they are requesting deposits three years out. It was noted that things happen in three years time that could create some major problems. Discussion followed on recent instances and current situations with these deposit issues. Dave explained that we have been releasing weeks for deposit one year in advance if there have

never been delinquent payments on the account, but that we have been requiring pre-payment of estimated Maintenance Fees for anything beyond the one year limit, and pre-payment for even one year out if the account has a history of delinquent payment. He suggested that the Board formally set the policy that Maintenance Fees need to be paid in advance in order to deposit weeks two and three years out. Discussion and explanation followed.

Dave proposed that owners be allowed to exchange as far out as the exchange company allows as long as they pay their maintenance fees in advance for all years up to and including the year being requested to be deposited. He suggested that one year be credited if there has never been a late payment on the account.

Dick Brotherton moved to initiate the policy as proposed.

Sandy Koonz seconded the motion.

Motion carried.

Dave then addressed recent unit renovations and asked Travis Leonard to up-date the Board on some of the up-grades. Travis reported that the new washers and dryers in the three bedroom units are working out wonderfully. Not only are the owners able to use the machines during their stay, but Housekeeping is able to wash the towels and linens for those units in the washers and dryers, which saves considerable time and expense. Dave also noted that some owners are washing their own towels rather than putting them out on Thursdays for towel change and that this is also saving time and money. There was some discussion on the possibility of asking owners in the three bedroom units to do their own towels, but it was felt that it should not be a requirement since the Thursday towel change is part of the Maintenance Fees. Dave suggested that the check-in packet might include a note suggesting that occupants might wish to do their own towels, but that the towel change is available if they prefer. It was noted that all of the three bedroom units now have the washers and dryers installed. It was suggested that maybe a note should be put in the units asking occupants not to wash the bedspreads because if people start washing them, they will not last. There was brief discussion and it was felt that it was not likely that people would wash the bedspreads, but that this would be watched. Travis noted that all units now have the new bedspreads and pillow shams, and that there was initially some concern because a couple of them had come apart at the seams when they were first put on. However, it has been over a month since there have been any problems, so they seem to be working out fine.

Travis then reported on the newly installed curved shower curtain rods. They were completed this week so all units now have the curved rods.

On-demand water heaters were then discussed. Dave has spoken with a dealer and agrees that they are great systems, but that they are very expensive and the wiring in the units is not adequate to handle them. The buildings would have to be re-wired to accommodate this type of water heater, and Dave felt that it would be cost prohibitive to install this type of system.

Dave up-dated the Board on the Sports Center and presented the pictures recently taken by Travis Leonard. Discussion followed on the building progress. Latest information is that they are anticipating opening the first part of November, but we are still telling people that they hope to have it open by around Thanksgiving to be on the safe side. Dave reported on the hiring of the Sports Center Manager and explained that the upstairs of the building will be living quarters for the manager. The new manager's wife is being allowed to decorate the upstairs apartment so that it will be to her liking. It was agreed that having the living quarters for the manager will be a big plus. It was also noted that

the portion of the M.A.T.A. Maintenance Fees for the Sports Center have been going for the passes to Zim's and previously to Holiday Inn while the Sports Center has been out of commission. There was further discussion on the Sports Center building and what will be in it. There was also some discussion on the existing tennis court that does not get any use and Dave suggested that it probably should be demolished and a pavilion put in. The AVCOA Board may be discussing this issue in the future.

Travis reported that wooden swings, picnic tables and playground equipment have been put in on the Aspen Village side and that there are plans for other amenities in the future.

The Budget to Actual Report was then reviewed. Dave pointed out that a lot of money was spent on the recent renovations at the beginning of the year. The two bedroom units still need new furniture, but that will need to wait until the first part of next year. Dave reported that of the \$54,000 spent out of the Renovation funds, \$10,000 of that has been spent on electrical up-grades in the units and Jacuzzis. It was noted that it has been expensive but very necessary.

Dave reported that approximately 26 accounts were turned over to the attorney for collection this year and that of those 26 there are only seven left who have not paid. Of those seven, one is now making payments. He further noted that the foreclosure accounts that are being pursued from previous years are still out there, but that it is remarkable that there are this few outstanding accounts for the current year.

Insurance was the next item of discussion. Dave reported that with the current Aspen Village insurance, the attorneys have advised homeowners that they need to insure everything in the units including the sheetrock, electrical, plumbing, carpet, etc. Dave had to increase the insurance to comply with what the insurance was requiring. Since then, Aspen Village has gone with a blanket policy. That insurance covers everything in the unit so there is no argument about what is and is not covered. Dave noted that this could theoretically increase the Aspen Village maintenance fees but decrease the insurance costs, so it should be a wash. This is not known yet, but for this year Dave had to get insurance that was required by Aspen Village so he had to go over to comply. Insurance has been extensively argued since the Sports Center fire, and everything will need to be sorted out and decided upon.

Management Salaries were then discussed. Dave stated that he thought that some of the figure was allocated in the wrong column on the report and that he needed to review the figures more closely and figure out what is supposed to be where. It was noted that the report looks like we will be way over on management salaries if it is correct as presented. Dave will look at the figures more closely and determine if something needs to be corrected.

Dave explained that he is holding tight on spending for now until the end of the year so we can get everything figured and know exactly where we are financially. When we went into this year, we were \$55,000 to the good, even with all the accumulated spending that was done last year. Dave noted that we are in the best financial shape that we have ever been in as a resort and that the outside grounds and buildings are looking very nice. He felt that we will come in really well financially this year. Dave further explained that we operate on the Budget to Actual for the first six months of the year, then the last six months we get more detailed. The electricity budget was discussed as an example and it was noted that there is a lot of room in that fund at this time. The budget year so far was briefly discussed.

Wages were then brought up for discussion. Travis has done some research and it appears that we are fairly comparable with other businesses in town. Dave felt that everyone is currently being fairly compensated and that he would not recommend that anyone get any substantial increase at this time. Some wage and employee issues were then briefly discussed. Dave reported that Cindy Hansen has tendered her resignation and will be leaving in the spring. It was noted that she has worked for M.A.T.A. for 13 or 14 years, but that it has been agreed that it is time for a change for her and that it will all work out for the best.

Earthquake insurance was then addressed. The auditor had suggested that earthquake insurance be obtained, but Dave determined that this was an Aspen Village issue, and we are now covered by earthquake insurance. The AVCOA Board did, however, opt out of the terrorism insurance.

The previously discussed issue of planting trees at K-53 was then briefly discussed. Dave & Travis have touched on the issue with contacts and discussion, but nothing has been definitely decided at this time. Travis reported that Aspen Village has a new grounds maintenance manager and that Doug will be easy to work with on these types of issues. The flower barrels at the development were then addressed and Dave reported that the Aspens Village Homeowners planted the flowers in the barrels on the Aspens Village side, he planted the barrels at the timeshare units at the Aspens and Cindy and Linda planted the planters around the office. It was noted that the flowers all look very nice this year.

Dave then turned the meeting over to Travis Leonard to report on the economic outlook for McCall. Travis stated that the economic outlook has softened somewhat, but that the long-term outlook is fine. Tamarack brings exposure to McCall, which some people like and some don't, but it's a fact of life at this time. Dave reported that approximately 30% of our current occupants are exchanges, and the reasons behind this were briefly addressed and discussed. Travis also noted that one big issue is labor and labor costs, but the biggest problem is housing. Affordable housing issues were discussed. Travis explained that there is a real shortage of rentals in McCall, and this creates major problems for people who come to town to work and can't find a place to live.

Next on the agenda was the potential sale of the development to Travis Leonard on August 1, 2008. Dave had told Travis when he came in that he would give him a year to see if he would like the position, then he could opt to purchase the business. Travis has decided that he would like to do it, so Dave will be selling Travis his interest in the timeshares as of August 1, 2008. Dave will continue to be on the Board and will be around to help out. Dave stated that Travis is extremely good with people and that he is great at solving problems and will do very well. Discussion followed and Travis was wished well by those in attendance at the meeting. Details will be worked out and Travis will take over next year. Dave also reported that he has been able to pick up a piece of ground for Travis & Candice in McCall and that they will be building a home there in the future.

Dave reported on the recent computer meltdown at the office. Fortunately, Linda had done the backups before the computer crashed, so we were able to save the data and restore it on the new computer with minimal interruption.

Dave then noted that the date needed to be set for the phone conference to set the budget for the next year. The budget needs to be set and mailings sent out for the annual meeting. Possible dates were discussed and it was noted that the mailings need to go out at least a month before the annual meeting on October 13th. Dave stated that he would like to get it done toward the end of August and suggested that the phone conference be set for August 22nd at 11:00 a.m. MDST. It was agreed that this would work for all Board Members present and this date and time were set for the telephone conference.

Dave Holland then read some of the positive comments recently left by guests and owners and noted that we have received more of them lately than we ever have. Brief discussion on the comments followed.

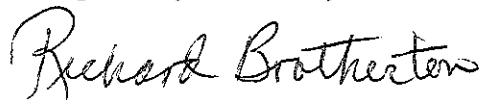
There were no further items brought up for discussion and Dave Holland entertained a motion to adjourn.

Sandy Koonz moved to adjourn the meeting.

Dick Brotherton seconded the motion. Motion carried.

Dave Holland adjourned the meeting at 11:30 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Richard Brotherton". The signature is written in dark ink and is positioned above the printed name.

Richard Brotherton, Secretary