

**McCall Area Timeshare Association
Board Meeting – Walla Walla, Washington
August 20, 2002**

Dave called the meeting to order at 7:35 pm at the home of Sandy and Dorothy Koonz. Members of the board present are Dick Brotherton, Sandy Koonz, Bill Geisler and Dave Holland. Patty Hukari is excused due to a prior commitment.

The minutes from the April 2002 board meeting were read and approved.

Dave told the board he has been re-elected to another three-year term on the AVCOA board.

The first item on the agenda for discussion is the Sport's Center renovation. The original estimate for the renovation was around \$300,000 but it ended up being nearly \$400,000. The overages were taken care of with the reserves in the AVCOA account so it wasn't necessary to do a special assessment. Several summer projects were postponed until the final figures for the Sports Center came in. Once it was clear there was enough money left those projects were begun. The MATA office building was just painted and the W building is in the process of being painted this week. A lot of siding is being replaced in the process. The Y building will probably get some attention this year as well. Sandy asked if any of the insulation needed to be replaced. Dave said no, just the siding.

The final meeting with the Sport's Center contractor was held the end of July. There were a few things on the punch list but those should be completed by now. By the time we have our annual homeowners meeting the air quality should be much improved. Dave has included a copy the monthly AVCOA newsletter from Ed Hershberger just to give the board an idea of what's going on.

There's been a problem with insurance for the Sport's Center. The insurance industry is still suffering from September 11th and the downturn in the stock market. AVCOA had to find a new insurance carrier and that came with a 50% increase in the premiums which is lower than any other carrier. Some companies were as much as 150% higher. The new insurance is now in place.

The next item for discussion is the budget-to-actual report. So far we're in really good shape. The engineers were into inspect the Sport's Center a year ago. They did all the plans and we got all the bids, then during the winter 16 trusses over the racquetball courts failed due to the heavy snow load. Because of that we were able to show that the damage done had occurred since the inspection by the engineer; therefore we want the insurance to pay for that increase in damage. We have absorbed all the expenses but we're looking to be reimbursed by the insurance company. If that doesn't happen we're still OK. The plan is to keep maintenance fees the same. Dick asked how much we expect from the insurance company. Dave said about \$60,000. They're offering \$27,000 at this point so we're still in negotiation. If we can prove that the damage happened from a specific

incident and not wear and tear we should be reimbursed. We have photos of the trusses in good shape so we have proof.

We're on target with expenses for MATA. Some of the projects we were talking about doing this year have been done. For instance, the carpet has been done in all the one-bedroom units, K-53, the on-site manager's unit (#124) and the office. We had budgeted \$30,000 for carpet replacement and so far we've spent just over \$28,000 so we're right on target there.

There are still things to be done but Dave held off until we were sure we weren't going to have an extra assessment for the Sport's Center. Now it's easier to put the 2003 budget together. Dave asked if anyone had specific projects in mind for next year. Dick asked who puts the budget-to-actual report together. Rick compiles the budget-to-actual report and Dave makes the budget. Rick puts the figures together and Dave works off that report. Dick asked if Dave does a week by week report and he said no, it's a month by month review.

Dave said the Sports Center fees are staying the same and we anticipate that the AVCOA fees won't go up. Our MATA fees aren't bad. The Aspen Village fees should come down because of the special assessment for the Sports Center going away. Still, other expenses keep going up, for instance, power has gone up 33% this last year. We could go way over budget this year. We don't have any real buffers in this budget. Dick asked if the annual meeting expense of \$2200 was accurate. Yes, by the time we pay for printing, mailing, etc. Replacements are an ongoing expense, especially the old appliances and mattresses.

The foreclosure report is the next item on the agenda for discussion. This year there's been a lot of delinquent accounts probably because of the poor economy. In April we sent out a pretty tough letter in which the whole legal process is outlined. If we don't hear from the owners we turn them over to the attorney's office and they send a demand letter. We've collected a lot of money just from the attorney's letter.

We're at the point now where we will be serving them. It's possible there will be as many as 20 weeks coming back. Dave briefly explained the foreclosure process which can take as long as 9 months. The final step in the process is the Sheriff's sale where people can show up and bid on the weeks. The ones that aren't bid on automatically go back to MATA. Then we usually have a silent auction where the remaining units are put up for bid to all the homeowners. Even then some of the weeks aren't bid on.

One of the items for discussion on the agenda is DH's offer to buy MATA's weeks most of which are low weeks. Dick wanted to know what the outstanding fees are on the MATA owned weeks. Dave said it varies greatly.

After the next foreclosure sale MATA could own 30 weeks or more. It's better for MATA to have the weeks in someone's hands. If we can find someone who will take these weeks it's all the better. DH is willing to buy the weeks at a substantial discount

and at least pay the fixed costs on them in the future. This would have to be fully disclosed in the audit and possibly at the homeowner's meeting.

We could give the homeowners one last opportunity to bid on them at the homeowners meeting. We would fully disclose that DH has made an offer on them but they still get one more chance to buy a week. The objective is to get these weeks into the hands of someone who will take over paying the fees. We have to be very careful because of all the publicity about insider trading or insider management etc. going on in the world now.

We can put it in the minutes and give the homeowners a specific amount of time to make a bid. If we don't hear from them then they would go to DH or one of the other board members. Dave is hoping that once we come out of the recession he'll have a good inventory. The board decided that it will be handled that way. Dick asked when the next board meeting was scheduled after the annual homeowner's meeting. Since it's in April we may want to wait until then for bids to come in.

We need to elect a nominating committee to nominate Sandy, Bill and Dave for another term. Dave asked if Bill and Sandy were willing to serve again. Bill said he was up for one more term since he'll be turning 80. Kathy Borgholthaus, Steve Walters and Peggy Whitman were all suggested for the nominating committee. The board decided to go with those three.

Wages were discussed next. Whitetail and other big money people are coming to town. For instance, Dave said the number of private jets flying into our airport has tripled in the last year. MATA has been really blessed with employees and we've paid them pretty well. Now we have Whitetail coming in with benefits etc. for employees. We need to look at some kind of benefit package. Dave hasn't done any research but he thinks it's time to look into it. When Westrock comes in they'll be looking for service people as well. Dick asked what kind of wages they're offering. Dave said Whitetail is starting at \$10 plus benefits. Dick asked what we're paying. Dave said we're starting at \$6.50 or \$7.00 per hour. Some of the ones who have been with us for a long time are making \$12 per hour. Dave said he's had a wage freeze for the last year and a half. We don't want continual turnover so we have to be competitive. Dave just wanted the board to be aware that that will be an item for further discussion at the next meeting.

He said we're having Tuesday morning welcome meetings again this summer. We've made it even more fun with Linda Holden from Snowden Wildlife Sanctuary coming with animals from the sanctuary. We've had as many as 45 people show up and they really seem to appreciate the information we're giving them about the activities in the area.

Dave showed the check-in package we're using now. The new check-in envelopes have the map on the back so people don't get lost. Dave asked them to consider closing the office at 6:30 p.m. instead of 8:00 p.m. since most people show up between 5 pm and 6 pm or a little later. The hour from 7pm to 8pm is really slow. He said our homeowners know that Mondays are our busiest day and are sensitive to that. They also know there's

an on-site manager. Dave made a motion that we close the office at 6:30 p.m. Bill Geisler suggested that we do it on a trial basis and see if we get any negative feedback. Sandy and Dick agreed to try the 6:30 closing. We will try this until the homeowner's meeting and then reevaluate. Sandy seconded the motion. Motion carried.

Labor Day is Monday, September 2, 2002. The conference call is scheduled for Tuesday September 3, 2002 at 10:00 a.m. mountain time. The annual homeowner's meeting is scheduled for Saturday, October 19th, 2002.

Web site has been good and we're receiving brown cards regularly via e-mail. The address is www.aspenvacationownership.com. We have a guy that updates it for us and does a really good job. We may update it a little after the first of the year. It's getting used more and more. Dave said now when we get calls for information about the units, resort and McCall they can see it on the website. The more information we can provide the better.

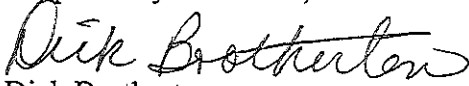
Sandy said he thinks the no smoking rule is working. Bill asked about enclosing the two bedroom loft bedrooms. Dave said they decided they couldn't do the twos but the three bedrooms are still a go. The two bedrooms do have the privacy screens.

Next Dave wanted to talk about the laundromat. He's been researching MATA getting their own laundromat. The city has a hookup fee of \$7,000 for a home. They look at normal usage and determine that a laundromat would use about 8 times a normal house. So he looked at property outside the city but it would require a huge septic system and the ground around McCall is so swampy you'd never get it passed. Then he looked at inside the resort. Those big washers have to be mounted on concrete so the existing buildings won't work. Sandy suggested the storage building but Dave said they aren't insulated. It's been a really frustrating experience. Also, he does not want washers and dryers in each condo because that would be too slow.

Dick asked if there was a possibility of building but Dave reiterated that the hook-up fees are prohibitive. So the frustration with the Aspen Market Laundromat will continue. Dave asked Rick at the Aspen Market if he'd sell the laundromat but the documents won't allow for it. Discussion followed about buying the entire business but the board didn't think that was a good idea. The conclusion is that we'll hobble along at the Aspen Market until someone actually builds a new laundromat.

Dave asked if there were any other items for discussion. There were none. Sandy made a motion to adjourn the meeting. Dick seconded. Meeting adjourned at 8:55 pm.

Respectfully submitted,



Dick Brotherton
Acting secretary