

PVTC Advisory Committee Meeting Summary
8/13/09

Attendees: Richard Lidbom, Advisory Committee Member
Tina Lawrence, Advisory Committee Member
Jeff Sanderson, Advisory Committee Member
Don Clayton, CEO, Festiva Resorts
Butch Patrick, President, Festiva Resorts
Davis Smith, VP of Member Services, Festiva Resorts

Topics: 1. Member Communication
2. Membership Defaults for 2009 & Projected Membership for 2010
3. Projected Maintenance Fees for 2010
4. Options for converting to Festiva Adventure Club or leaving PVTC
5. Future Activities of the Committee

Member communication

Festiva has created a specific section on their website dedicated to PVTC. The section includes general club information, frequently asked questions, points charts, club rules and a club member forum. The forum, very similar to other online user groups, will be monitored by Festiva, and they will address questions and concerns as they are posted. We encourage all members to join the forum. The Yahoo user group should remain independent from the PVTC forum on the Festiva website and used as a Beta site for ideas and surveys. Davis Smith and his staff at Festiva have been briefed about PVTC's desire to be fully inculcated into Festiva's process, and are ready to serve in any capacity. Davis checked with Interval International (II) about rumors of excluding PVTC owners from select properties. That rumor is false, II has been notified of the concern, and Davis wants to hear about any indications to the contrary directly. Davis has been a very reliable go-to person and can direct traffic for any question. Please call him or e-mail him at 828-254-3378 or dsmith@festivaresorts.com

Member defaults in 2009 & projected membership for 2010

On November 1, 2008, there were approximately 6100 PVTC members and currently that number has decreased to approximately 5300 members. The majority of the decrease in members is a result of conversion to the Festiva Adventure Club. For 2010 we project about 4500 active PVTC members. The 800 member decrease from now to the end of the year includes 600 defaults due to non-payment of maintenance fees and 200 conversions. Remember, we, the paying members, need to cover the maintenance fees of all defaults. Our 800 defaults in 2008 contributed significantly to our higher maintenance fees.

Maintenance fees for 2010

Any increase in maintenance fees will be reasonable and in line with inflation. We cannot at this time accurately forecast the increase because the resort budgets, almost exclusively set by the HOA's Board of Directors, are not determined until October or November. We must remember that the club maintenance fees depend on a number of factors, the largest being **HOA dues** from all the various Peppertree resorts, which can vary and change based on a number of factors specific to each resort. The second and third leading factors in determining the club maintenance fees are provisions for bad debt and membership payments to II. Unfortunately the latter two items are where we have little or no control. Prior to Festiva's management PVTC entered into a long term contract with II. As you know, more defaults will lead more bad debt spread over a smaller population.

With the HOA fees, we have some control. By controlling the inventory held in the club trust, we can somewhat contain the costs. As members default, convert, or turn in their units, we are asking Festiva to continue to move inventory out of PVTC as quickly as possible, eliminating the less desirable units first. With this in mind, we are developing a survey for the members to complete to tell us what they think about our properties and as a result to provide Festiva more data points in making its decisions regarding the removal of weeks. Recognizing that PVTC has lost 800 members this year, Festiva has also agreed to make a payment to PVTC to defray the size of the increase in maintenance fees. Finally, given a lack of participation, Festiva is eliminating the three month payment option for 2010, but have indicated that anyone can begin pre-paying their maintenance fees in any size increments to avoid a large payment in January on the heels of the holiday months. To facilitate payment, Festiva will also shortly introduce an online payment system easily accessible to PVTC members through the new Peppertree section of the Festiva site. Members may also call the Festiva Owner Services department (866-933-7848) at any time to make a pre-payment on their 2010 maintenance fee.

Options for converting to Festiva or leaving PVTC

As you can see, Festiva is doing all they can to keep PVTC a vibrant vacation club. However, in addition to remaining a PVTC member, we all have the ability either to convert to Festiva at its agreed to price, or turn in our property or points at no cost if we are mortgage free and our dues are current.

Future activities of the committee

No one has a patent on new ideas to make us a better vacation club. We encourage meaningful input about what we can do, can do differently, or do better. We will continue to work closely with Festiva to provide the members the best possible vacation experience at the best possible cost. We want the opportunity to help resolve any issues you the members might have or perceive to have, and look forward to your input through any of the current communication lines or new ones as they develop.

Thank You,

PVTC Advisory Committee