

THE VILLAGER

THE VILLAGE AT IZATYS

www.thevillageatizatysresort.com

Onamia Minnesota

2008

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Dr. John Eggers

Association President

Alberto Riveros

Newsletter Editor

Ad Hoc

Tom Baltz

Executive Resort Manager

www.thevillageatizatysresort.com

A Letter From The President

2008 has proven to be a very challenging year for The Village at Izatys, your Board of Directors and especially for you, our owners. Many factors have come into play that have negatively impacted the success of our resort; the economy in general, the downturn in the housing market, high gas prices, the bankruptcy of Izatys Resort and subsequent closure of provided amenities, legal fees to protect the Association, the failure of Village Development to register B-4 with the Association and finally, Village Development's failure to pay over \$40,000 in back rent which led to their eviction from the Association administration building.

Your Board of Directors made the decision to delay the summer newsletter until more definitive information was available. Throughout this newsletter we have tried to provide updates on all the issues confronting our association. I want to assure each and every owner that through the efforts of your Board of Directors and your management company, that the future of The Village at Izatys is not only financially stable, but is also bright and hopeful.

We were informed last October that Izatys Resort, which includes the golf courses, Clubhouse, and Links Lodge had filed for Chapter 11 bankruptcy. A law firm was hired to protect our associations primary interests in Izatys Resort which were the shared sewer system and the Recreational Agreements that were in place. Those agreements have been upheld through U.S. Courts decisions. At this time, we are confident that Izatys Resort will be sold to a resort/hotel development company and be open for the 2009 season. This however still leaves us dependent on outside sources for amenities.

With the eviction of Village Development the remodeling of the administration building began in earnest. An exercise room with state-of-the-art equipment has been added, as well as, a game room and conference room. Additionally, the arts and crafts room was relocated and a "Theatre Room" was developed that will show movies Monday through Thursday.

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Tom Baltz - Executive Resort Manager

Hello from the The Village Offices, I have been asked to inform the association members about Interval Internationals new resort recognition program.

In 2006 I hired Pricewaterhouse to assist them in developing new designations for their member resorts. This project took two years and the results were announced in March of this year.

The Superior Service Award and Five Star Award which The Village has been honored to maintain for 11 consecutive years has been retired as of December of 2007.

In March of this year The Village at Izatys received a letter from Interval International informing us that your resort has qualified for The Premier Gold designation for 2008. This is the highest

designation that I have under its new resort recognition program. Your resort staff is very proud to have continued the tradition of excellence that you have come to expect.

It is always one year behind on there resort ratings. Please keep in mind that this designation is only for 2008. Due to the financial problems of Izatys Resort LLC our ratings, Continued on Page 3

Rental Program - \$\$\$\$ Don't Lose Your Week - Rent It \$\$\$\$

Not going to stay at the Village this coming year! Don't want to deposit your week with Interval International! Want to make some money to help pay your upcoming maintenance fees?????

List your unit week for rent through your Association approved rental program.

A full rental program is available through Zappa Management Group, your Association approved rental agent. Simply contact the front desk at 800-980-5121 or locally at 320-532-5121 for all the details.

President's Report - continued from page 1

Plans have also started on an indoor swimming pool complex to be attached to the west side of Administration building. We on the Board of Directors believe that by adding this complex, our independence from outside influences would be secured and would ultimately secure our "Premier Gold" status, as well as, protect your investment.

As we move toward resolution of the above mentioned issues, your association will continue to provide updates on our web-site. Specific questions may be directed to our Resort Manager, Tom Baltz. I sincerely hope to see you at our Annual Meeting.

Sincerely,

Dr. John Eggers

President, The Village at Izatys Association

House & Grounds Committee Report - continued from page 5

Many items have been completed in 2008 from the Replacement Reserve program. Most notable of which is the new furnishings in F-1 through F-3. The decision was made to replace furniture a whole unit at a time versus partially doing multiple units, therefore, F-4 through F-6 will be completed in 2009. The furniture and bedding is beautiful, durable and comfortable. The lock-off units were refurbished with size-appropriate furniture allowing more space to move around. The committee wishes to thank Tom Baltz, Ron Zappa and the designer for their attention to detail and the great choices they made.

Make sure during your next stay that you check out the new game room, new media room and new exercise room. The game room has pool tables, air hockey, darts and places to sit and talk and to play games. The exercise room is equipped with state-of-the-art commercial grade equipment that all owners will appreciate. Make sure you try out the recumbent bike, treadmill or one of the great elliptical machines. The exercise room also has two HD TVs to help get you through those tedious exercises.

Another great addition is the media/theatre room. You get to watch a movie or a television show/game on a new 50" plasma video system with a fantastic surround sound system. You can munch on your favorite and have your beverage while lounging on one of the sofas or relaxing in a bean-bag chair. A big thanks to Amy Lance, our office manager from Zappa Management, for the fantastic decorating job she did.

It is the committees responsibility to suggest things that could be improved or might need to be repaired. After a thorough review of the resort, a short list of suggestions and needs was presented to the Board of Directors for their review. Several items are due for completion in 2008 and others will be reviewed by the Finance Committee for inclusion in the 2009 Operations Budget.

Once again, the Ad Hoc Committee wishes to commend Zappa Management and the entire staff for their dedication to maintaining our Resort to such high standards. If you have suggestions, please let us know and more importantly, please remember to let the staff know about maintenance items so the maintenance and housekeeping departments can take care of them.

Bill Everett, Michelle Baringer, Jerry Sauer

Resort Manager Report

Continued from page 1

may be jeopardized for 2009. This summer your board has expanded our own amenities program by adding a game room, exercise room, and theater room. The Board of Directors is also in the process of researching the addition of a new indoor pool facility alleviating our dependence on Izatys Resort for that amenity. We know that your units exceed in quality, size, and furnishings of most time-share resorts. Pending the sale and revitalization of Izatys Resort we are excited about the prospects of new owners for the resort. As for now we will continue to make the best of anything that we have control over. Your units, surrounding grounds, the new game room, exercise room and theater room at the Village Office Building.

Sincerely,

Tom Baltz, General Manager



Future Banking

Reprint from 2007 Newsletter

Many owners have chosen to bank future ownership weeks with Interval International. The Village at Izatys Association requires that maintenance fees be paid prior to banking a future week with an exchange company.

Simply call the Association Office at 800-980-5121 to arrange prepayment of maintenance fees for upcoming years that you wish to bank.

B-4 Status Update

In Spring of 2005, Village Development was issued a certificate of occupancy from the Mille Lacs County building inspector. According to your Association Documents, unit B-4 should have been turned over to the Association at the time the certificate of occupancy was issued. To date, unit B-4 has not been turned over for Association management. The Village at Izatys Association has contacted legal representation to expedite the transfer of said unit into the Association so that the owners of unit B-4 will once again be members of The Village at Association. A letter was sent to Village Development, demanding the transfer of Unit B-4 into the Association as previously promised. At the time of printing, no response has been received. The Association will continue to pursue this matter and keep you all informed of the progress.



THE RESORT OFFICE

PHONE LISTING

The local phone number is 320-532-5121 and the new toll-free number is 800-980-5121. You may also reach the office to confirm your stay by email at associationoffice@rmzgroup.com

VISIT YOUR ASSOCIATION

WEB-SITE

www.thevillageatizatysresort.com

Please be sure to check out our website, www.thevillageatizatysresort.com, to see a weekly activities schedule, resort happenings, and all available rentals.

Detailed financial information, Board of Directors meeting minutes and dates of upcoming meetings are also available.

Izatys Resort Bankruptcy

As most of you know Izatys Resort LLC filed for Protection from creditors under Chapter 11 Bankruptcy in December. There was an auction on April 3, 2008 and the high bid was only 2.8 million. Chief Justice Nancy Dreher quickly rejected the bid because it wasn't enough to pay off Izatys loan from Commerce Bank, the main secured creditor. Izatys and Commerce Bank reached an agreement on June 18th, it was approved by attorneys for the unsecured creditors and townhome, timeshare, and marina owners and Judge Dreher to let the owners of Izatys Resort operate a scaled down version of the resort until August 31st, 2008. By that time Commerce Bank must be removed as the main secured creditor and if that doesn't happen, Commerce Bank will have the option of foreclosing at an accelerated rate. The main effect that all of this has had on Village owners and exchange guests has been the closing of the indoor and outdoor swimming pools and the onsite restaurant and bar. Your Association Board knows that this has been a major inconvenience and they are looking for ways to eliminate dependence on Izatys Resort for all of the amenities. We will include any new information and updates along with the normal November owner mailings. The entire staff at The Village at Izatys would like to thank you for your patience, understanding, and continued support during these uncertain times regarding the amenities owned by Izatys Resort. We look forward to what the future will hold when Izatys Resort has been sold and new owners reopen the once prestigious Izatys Resort.

Developer Status - Village Development

As Village at Izatys Association members, most of us have purchased our property from one of the former development companies; Premier Resorts, Midwest Resorts, Solara Resorts, or Village Development which is the current company who owns the never sold interval ownership weeks. Most of us have purchased our interval ownership weeks at the sales office previously located on the property at The Village at Izatys. These companies have always been a separate company from your Owners Association. In June of 2008, Village Development was evicted from your Association facility for non payment of rent of sales space. Your Association's attorney filed a judgment against Kristi Lacey-Hause and Village Development for unpaid rent, which was granted on June 23rd. Currently Village Development owns approximately 90 equivalent weeks of interval ownership at The Village at Izatys. The inventory in Village Development's possession is the only connection between them and The Village at Izatys Association, on which they pay annual maintenance fees as an owner such as yourself. If these maintenance fees are not paid in full, usage is denied. At this time, Village Development does not own any more land on the property at Izatys, therefore, when all of the current unit weeks available for sale have been sold the connection between Village Development and The Village at Izatys Association will no longer exist.



Getting to Know You - Your newest Ad Hoc Committee Member

We are packing for our week at Izatys and looking forward to our family vacation. We own unit B-3, week 30, and will be enjoying our 3rd year in B-3. We started out with an every other year in an F-unit. Our daughter, son-in-law and two granddaughters will be joining us along with my brother and his wife.

I just love walking in and finding everything is in its place and clean. I am forced to relax and not to feel guilty about it. There is no desk with a pile on it that I really should be taking care of. The phone rarely rings even though we have to be connected most of the time with our cell phones. I run two small corporations and the businesses run even when I'm on vacation.

Like most people, we are always very busy. I was always told that if you want something done, ask a busy person because they know how to get things done. I get things done just not as fast as I would always like. My husband, Dave, and I do a pretty good job of getting through our to-do lists and between us we get the jobs done. We celebrated our 25th anniversary this year so we have had a little time to hone our skills and get in a rhythm.

As an Ad Hoc Committee member, I attend the Board of Directors meetings, but cannot vote on any issues. I am allowed to give my opinions, participate on committees and task forces, and present new business. What that means to you is that I can and I am willing to listen to your comments and concerns and present them to the Board of Directors. I cannot promise or guarantee what the outcome will be but I will do my best to make sure you are heard. I may not agree with you but that will not prevent me from representing your point of view. Feel free to send me an email or give me a call. What makes this a great association is that so many individuals with a huge variety of likes and dislikes can come to the same place, do so many different things and the glue that joins us all together is that We Love It Here!!

Have a great time on your vacation,

Michelle Baringer - Ad Hoc Committee Member - The Village at Izatys Association

House & Grounds Committee Commends Staff Efforts

Bill Everett - Chairperson, Jerry Sauer, Michelle Baringer

On July 18th the House & Grounds Committee was treated to a very informative and enlightening walk-through of the entire Village property and was conducted by our General Resort Manager, Tom Baltz. Our tour began with the Timeshare Check-in building now known as the "Club House" which houses the new Game Room, new Media/Theatre Room, new Exercise Room, new Arts and Crafts Room, Library Area, Internet Access Area, and a new Conference Room. This building is also the home for Administration, Housekeeping, Maintenance and Security. With all of this happening in one building, organization is a must. The entire House & Grounds committee was extremely impressed by the organization and cleanliness of each and every department. We are convinced that the entire Zappa Management staff is dedicated to saving time and money for the Association by being so well prepared.

The maintenance and housekeeping areas overseen by Chief Operations Officer, Rob Wilsey, were meticulous in their organization. The maintenance rooms are neat, clean and have all appropriate storage cabinets and safety supplies. They also maintain an inventory of often needed maintenance items which ultimately cuts down on travel time which cuts down on travel costs and ultimately saves the Association money.

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View of Marina and
Marina Units



New BBQ grills
and pads at F-units

New Recreation and Exercise Areas

As the new Activities Director at The Village at Izatys I am extremely excited with all the recent additions to our Administration building. We now have a beautiful game room, exercise room, theatre room, library area and a new activities room which was relocated and remodeled.

The new game room includes two pool tables, an air hockey table, arcade games, dart boards and even a juke box. The exercise room is situated off the game room and is available to all guests 16 years of age and older. The exercise room was furnished with commercial grade equipment and includes a treadmill, recumbent bicycle, two elliptical machines, exercise mat and fitness ball. We are also adding two HD TVs for your added pleasure.

Our activities room has been relocated and the vacated area has become the new theatre room which we show two movies daily Mondays through Thursdays where you can enjoy our new 50" plasma TV and surround system.

Our lobby has wireless internet available and also a library area where you can enjoy a book by the fireplace. We also have movie rentals, games and puzzles and now offer tennis rackets and basketballs to be signed out.

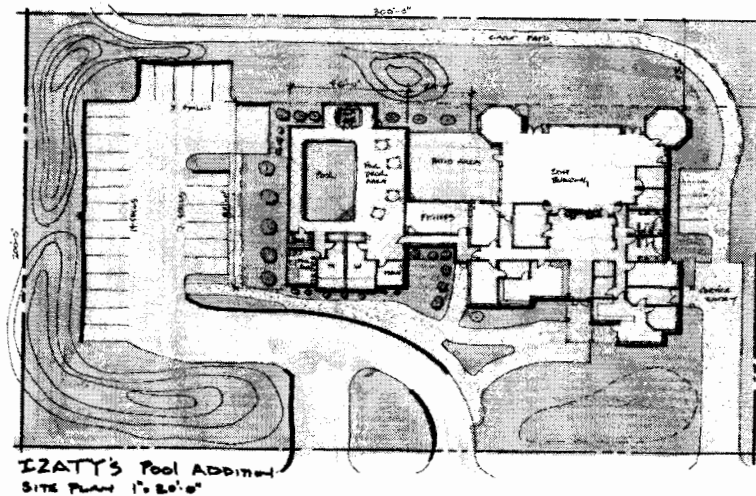
With all of these exciting changes taking place, we have extended our office hours. The new hours are Sunday through Thursday 8:00 am - 8:00 pm and Friday through Saturday 8:00 am - 9:00 pm.

I look forward to meeting all our owners in the coming year.

Kassandra Koch - Activities Director

Proposed Indoor Pool Addition

The Future of the Village at Izatys



The successful future of The Village at Izatys rests solely on providing a quality vacation experience for all owners and exchange guests. That experience relies on having quality units and providing numerous amenities that can be enjoyed by everyone. In the past the Village has relied on Izatys Resort to provide these amenities which, as we have experienced this year, may not always be available. Although the Board of Directors is very optimistic about the future of Izatys Resort, we are convinced that we must do everything possible to insure that certain amenities are always available.

With that issue paramount in our minds, the Board is proposing an Indoor Pool Complex that, coupled with the already added game room, theatre room and exercise area, will make us virtually independent of outside influences thus assuring a continuing vacation experience that all owners will enjoy and cherish..

This proposal needs the approval of the owners and will require a special assessment. Complete information will be coming prior to the annual meeting and will include a proxy enabling all owners to vote . Remember to check your web-site , thevillageatizatysresort.com for future updates. We look forward to your input and comments.

The Village at Izatys Board of Directors

Annual Owners Meeting

Sunday, December 7, 2008

1:00 PM

at Kelly Inn

2705 Annapolis Lane N.

Plymouth, MN 55411

With the many issues facing our Association, the Village at Izatys Board of Directors as elected to hold the Annual Meeting at a Twin Cities location to allow as many owners as possible to attend.

Your attendance and input is a much needed element in assuring the overall success of our resort. Each of us has invested a large sum of money and it is our responsibility to protect that investment through prudent use of all resources available.

Be heard - Be seen and most importantly be a part of your Association.

2009 Association Budget

Total Budgeted Revenue (Includes Reserve Fund) \$ 1,527,850

Total Budgeted Operating Expenses

Maintenance \$ 399,450

Housekeeping \$ 248,700

Administrative \$ 276,400

Finance and General \$ 435,486

Grand Total Budgeted Expenses \$ 1,360,036

Excess Operating/Reserve Funds \$ 167,814

2009 Replacement/Refurbishing Budget \$ 145,000

2009 Budgeted Net Increase to Reserve Fund \$ 22,814

Treasurers Report

The Village at Izatys Mission Statement

Maintain the Village at Izatys
Premier Status and Financial
Viability,
While Providing an Outstanding
Vacation Experience
at the

**The
VILLAGE**
at Izatys
AT IZATYS

Each year your Association prepares a budget to determine what maintenance fees will be charged for the next year. The budget contains items for maintenance, laundry, heating and air-conditioning, utilities, taxes, insurance and other items that are necessary to properly operate the resort. If we do not collect all the maintenance fees due from owners then we are not able to complete all the things that we would like to do. What mainly suffers is the replacement of furniture, appliances and items such as replacing roofs as they are needed on the buildings. For the first six months of 2008 we are delinquent over \$100,000 in maintenance fee collections. This will not allow us to build any replacement reserves for future years.

Our Association has contracted with Springer Collections Corporation as our collection agency. They are aggressively pursuing owners who are behind more than six months in their payment of maintenance fees. Accounts that are turned over for collection are not only liable for maintenance fees, late fees and interest, but must also bear the cost of collections including all agency fees and legal fees.

The Village at Izatys is a beautiful resort which has maintained Interval International's "Five Star" rating for 11 consecutive years and once the golf courses, Links Lodge and the Clubhouse that are part of the Izatys Resort bankruptcy are straightened out, we will once again have a very active resort.

We can only maintain this excellence, as well as our new Interval International "Premier Gold" status if all maintenance fees are collected. If you have not paid your maintenance fees, I urge you to contact the Association Office at 1-800-980-5121 and make arrangements to do so at your earliest convenience.