

*CLUB DONATELLO IS A FOUR-STAR, GOLD CROWN OWNER'S CLUB
PROVIDING AN INTIMATE AMBIANCE IN THE HEART OF SAN FRANCISCO'S UNION SQUARE*

May 31, 2010

TO: Board of Directors, Legal Counsel, and Club Management Team Members

RE: Proposed Goals & Objectives – 2010-2011

In 8 days we will conduct the June 8th Annual Owners Meeting, which will be the 17th one held since the 1994 transition from the Developer/Declarant/Management Company over to the Owners. We, as the Owners of CDOA, have accomplished much in that period of time, and what do we now need to focus on as priority issues for the future.

We need to continue planning for the ongoing improvements and maintenance of high standards for our Club Donatello and our Owners Association. The following annual updating of our Goals & Objectives is provided here for your advance consideration and feedback. As we have done in the past, we will share this DRAFT with our Owners at the Annual Owners Meeting for their thinking. This will then enable us to take formal Board action on them at or before the next quarterly meeting in July.

Some of these following Goals & Objectives are continued from prior years, as they require as much work and follow-up to maintain and/or improve upon from year to year, as the process of creating new goals and objectives.

Some of these will require us to make specific changes in how we manage our Club operations. Others involve the increased use of technology for saving time/money without losing the value of personal interactions with our Owners, and how we can increase the availability of more detailed and timely information for making better leadership and operational decisions.

Some of these will require that we update our policies and operating procedures to improve on the defining and tracking of transactions, assets, and related components that are part of the overall PPCA and CDOA responsibility within the Donatello building.

Proposed Goals & Objectives for 2010-2011 -

1. Consistently provide a first-class environment and the high quality of amenities and services that maintains and improves on the Four-Star, Gold Crown environment of the Club Donatello and meets the expectations of our Owners and Guests. Evaluate the feasibility of providing our own Front Desk – Check-In/Check-Out Services at a lower operating cost and with improved cash-flow on a daily basis. Evaluate the feedback from our Owners about the pilot 3-room remodel program to determine the next stages of updating and improving on our Club Room environments, with increased energy efficiency as part of that ongoing remodel project process.

Measurement Criteria = Increased compliments from Owners, higher scores from exchange companies, and decreased complaints from Owners and low scores. Successful negotiation and implementation of a Club Donatello “Front Desk” with improved services, lower operating cost, improved cash-flow ROI, and positive feedback from Owners/Guests on this new CDOA service. Specific updated plan of action for the future remodeling of Club Rooms.

2. Successfully implement the approved Succession Plan for the leadership transitions of the President & CEO and other CDOA Officer roles and responsibilities. This will need to be combined with a further expansion of the authority and responsibility of the Club Management and Supervisory Team for operational effectiveness of the CDOA and the Club Donatello's operations.

Measurement Criteria = Effective transition of leadership over to Daryl Clark and Lexis Allen on or before 12/31/10, with the updating of Bylaws position descriptions, CMT position descriptions, and changes of credit card and credit line functions over to the CDOA without personal guarantees requirements of the past.

3. Protect and enhance the CDOA's investment within the Donatello property, ensure the safety and security of people when staying at the Donatello, consistently enforce compliance with all building codes to ensure cost-effective operations under the CC&R's/Bylaws provisions of the Pacific Plaza Condominium Association (the Master Association) and CDOA, and applicable provisions of California laws governing the legal entities within the Donatello. This includes having the PPCA Financial Statements fully reflect the assets for which we are collectively responsible for within the Donatello building, and have the CDOA's portion of those PPCA and CDOA assets properly identified and carried over onto the CDOA's Financial Statements/Balance Sheet.

Measurement Criteria = Updated Balance Sheet profile for both CDOA and PPCA to fully reflect the value of Assets within and including the Donatello building, structural components, and land. Reduction of claims, accidents/incidents involving loss or unnecessary costs of operations.

4. Update the 7-year Board-approved Financial Plan through to 2011. This updated plan includes balancing the Budget without any transfer of funds from current Reserves to cover operating expenses at the end of the year, and without any reduction of services and amenities for our Owners and Guests, and to operate with no Special Assessments in 2011. Also, continue to update the Owners Guide, the HRM Manual, the Team Member Handbook, the Financial Management Manual, and the new Reservations/Owners Services Manual with consistent application of all policies and procedures.

Measurement Criteria = The final outcome of the budget planning process for 2011, Dues/Reserves status for next year, and presentation of fully updated operating manuals for each of the categories as noted above.

5. Expand the educational opportunities for our Owners through scheduled meetings and seminars at the Club Donatello, and some of these may coincide with quarterly Board of Directors meetings. Subjects will include effective use of their Owners time, banking and exchange options, value-added services and products being negotiated for their benefit, possible PIU rental and resales services, tax-compliant donations of their Owners Use time, increasing occupancy from Family & Friends referrals, increasing Corporate Rewards Program users, and expanded utilization of their CDOA Proprietary Interest Unit ownership.

Measurement Criteria = Number of Owners participating in scheduled seminars and quarterly Board of Directors meetings, voting participation and presence at the Annual Owners Meeting, and documented feedback on evaluation checklist forms from Owners about the value of these meetings and seminars.

6. Achieve a goal of 1000 CDOA Owners voting. Provide for increased Owner participation through enhanced use of cost-effective technology, increase remote serving on Board-appointed committees, task force and advisory group teams.

Measurement Criteria = Chart the profile of Owners voting over the past 5 years and continue to measure Owner voting participation for all future years. Measure # of Owners using electronic technology for Owner communications and participation on CDOA-related projects and committee input efforts throughout the coming year.

7. Expand the training, staff development and related industry certifications of our Club Management Team and Team Members through qualified internal/external resources. Increase the delegation of authority and responsibility from the Board of Directors for ongoing operations of the Club Donatello and CDOA. This Team Member training will focus on areas of Financial Management, Business Communications (Verbal, Platform, Written), Computer Skills, Interpersonal Relationships and Conflict Management, Marketing, Business Development and Operations Management.

Measurement Criteria = Calculate the total number of Team Members, hours and dollars invested in training during the past year, the current year, and each future year to measure the "input" part of the equation/commitment for staff development. Identify the specific skills acquired and specific applications of those skills per Team Member each year, and the "value" of those skills for productivity, possible reduction of costs/time/effort required, and/or new services provided to Owners and Guests.