



Message from the President

We started this series on the **VALUE** of what we all own together as part of the Club Donatello in the prior edition of the Communiqué with an article on the “experiential/perceived” **VALUE** of what we own.

This article is on the “intrinsic/financial” **VALUE** of what we own. Consider this

1. CDOA Assets as of 9/30/07 are valued on our Balance Sheet at **\$1,597,576**, including depreciation, and **\$2,372,513** without depreciation. This represents the value of all furniture and components in our 45 Club rooms, the Club offices in the Lower Lobby and 3rd floor areas, and the items in our storage area on the 4th floor.
2. CDOA Owners share an ownership position in the Pacific Plaza Condominium Association (PPCA) the Master Association. We have a **31.9860%** financial interest in the assets of this legal entity, the same percentage of the PPCA annual budget that the CDOA pays each month.

We are working to have the PPCA recognize the full **VALUE** of the assets of the Donatello land and building for several years that we have co-existed since the original filing of July 31, 1984.

The independent assessments by the HVS International Summary Appraisal Report of the Donatello Hotel stated the following valuations prior to the February 1999 acquisition by the Shell Vacations Club, LLC.

1998 - Total Assessed Value = **\$ 9,452,498**
1998 - Total Market Value = **\$16, 900,000**

Since the purchase of the Donatello Hotel in February 1999, there have been significant capital improvements made to the building, including the recent **\$1.5 million building code compliance project** on the building’s infrastructure.

Since 1998, the CPI has increased by **41.6%** through June 2007. If we apply this percentage to the 1998

Don’t wait—make your reservation for the Annual Holiday Gala now!!

Champagne reception in the Terrace Room at 5 PM. Dinner and dancing in the Alexandra Room, St. Francis at 6 PM.

Call 415-885-8847 for reservations, or email socialevents@clubdonatello.org.

valuations of the Donatello building (not including the CDOA portion) we arrive at **\$16,185,784 - \$28,938,356** for the total assessed value and total market value respectively.

Independent PPCA Reserves Study for FY 2006 includes the following components with an estimated replacement cost of **\$1,269,504**, effective 1/1/06, the beginning of the fiscal year for which the report was prepared:

Roofing, Paint - Interior Common Area, Window Resealing, Lighting Exterior & Interior, Fitness Center, Countertops, Furniture - Case, Furniture - Upholstered, Décor Package, Plumbing Fixtures - Common Area, Ceiling Cover, Floor Coverings, Wall Coverings, Equipment - Phone System, HVAC, Elevators, Elevator Equipment, Fire Security, Emergency Electrical Power, Awnings, Flag Poles, Bird Abatement Program, Sewage Ejection Pump, Domestic Hot Water System.

However, there are capital assets not included in the Reserves study. For example, new equipment/components with a life expectancy of 40+ years are not included in the study, and some of these components have significant value.

The **bottom-line** is that assets with a 2007 projected value between **\$17,455,288 and \$30,207,860** should be reflected in the PPCA Balance Sheet, and **31.9860%** of that projected value, **\$5,583,248 - \$9,662,286**, added to the **\$1,597,576 - \$2,372,513** already shown on the CDOA Balance Sheet, can be looked at as the total **VALUE** of the CDOA’s holdings by all **2,295** Owners in the Donatello building.

How does this influence your thinking about the **VALUE** of our share of the Club Donatello? Let the Board know your thinking on this issue as we continue to work with the PPCA to take care of our combined investments in the Donatello. Thanks!

Sincerely,
Don R. Thomas,
President & CEO - CDOA

In This Issue

President’s Message	1
Management Team Update	2
PPCA & Hotel Update	2
Club News	3
Announcements	4
Club Owner Discounts	4

**Annual Assessment
Due December 1
See Page 2**

Management Team Update

Administration & Accounting: The 2008 budget approved by the Board at the October meeting resulted in no dues increase! We mailed the 2008 Billing package to all Owners at their address of record. If you have not received yours, please call me at 415-885-8846. **The annual assessment of \$795 per PIU is due December 1 and becomes delinquent on December 15.** Late fees and interest penalties are specified in the package mailed to Owners, as well as changes to the parking fees and bonus rates charged Owners. The Personal Time Off schedule for Team Members has been amended to reduce the Club's long-term liability without penalizing Team Members by basically capping the amount of PTO that can be accrued.

Marie Vergara

Marketing & Business Development: We have added *Biscuits & Blues* as a corporate partner. Use your Gold Owner card to get a 15% discount on shows; ask for their Club Donatello \$33 fixed-price menu featuring mixed green salad with apples and pecans, Southern-fried chicken or Jambalaya, and pecan pie.

I encourage Owners to have their family and friends take advantage of our Friends & Family discounted rate which is a true bargain. There is no need for you to do anything—just have them ask for the Friends and Family rate and use your name as a reference. Besides getting them a bargain rate, each booking earns you points which may entitle you to a free gift or overnight stay at the end of the year. Filling the otherwise empty beds, Sunday through Thursday, provides added revenue that helps to moderate our annual dues.

We are also acquiring audio-visual equipment that can be rented to guests who hold meetings at the Donatello.

Quincy Moss-Lozada

Reservations & Club Room Operations: We continue to upgrade our Club Rooms. All rooms are now equipped with 32-inch HD TVs and new linens. Sofa

beds were replaced in 15 rooms. We are also in the process of ordering new bedside light fixtures and additional on-request amenities, such as earplugs.

Owners are reminded to review the Rules and Regulations for reservation and cancellation policies. Owners are entitled to only two weekend nights per year for each unit owned. Bonus time is based on availability and only after using all owner time. Bonus time cannot be guaranteed for more than 2 consecutive nights. Please read the CCRs posted on our Web site for complete information.

One of our team members is on reduced hours to help with an elderly parent, and another is expecting soon, so two new team members have joined the Club Room Operations team: Alan Deogracias and Eleanor Kolimlim. Take a minute to say "welcome" if you meet them in the hallway or at the Friday Welcome Reception.

Mandy Vergara

PPCA & Hotel Update

Replacement of the Club 1500 spa is tied up in San Francisco's Planning Department for several weeks now. We are working with them to try to accelerate the permit. The new spa tub will go a long way to avoid leakage into our Club Rooms on the 14th floor.

The pay phone in the Lobby has been replaced with an Internet workstation and printer which can be used to print boarding passes for Owners who are leaving by air.

The outdoor furniture in Club 1500 has been replaced with all-weather furniture. Interior furniture in 1500 and in the Lobby have been reupholstered as well.

Let your Board know what you think about it.



Special Offer for Club Donatello Owners

You are invited to attend, space available, a two-night **NO-COST** Napa Valley Getaway, including \$100 towards dining, the Napa Valley Wine Train, or the new Spa Terra.

Shell Vacations Club is hosting special previews of their VINO BELLO RESORT for Club Owners, their Families and Friends. Participants must be married, with good credit standing, and must attend—with their spouse - a 60 minute presentation about the new resort. To participate you will need a valid confirmation code, assigned when you reserve.

Call 1-866-733-7435 to book your reservation.
Club Donatello Owners: Use booking code 66CDO.
Friends and Family: Use booking code 67CDE.
 Additional details and FAQ at www.clubdonatello.org

Educational and Social Events

Annual Christmas Party

December 2, 2007 - There is still time to sign up for the annual Christmas party, Sunday, December 2, 2007. This year the event will be held in the Alexandra Room at the St. Francis. The evening begins with a champagne reception at the Donatello, followed by dinner and dancing at the St. Francis. The cost is \$100 per person.

To reserve seats, call 415-885-8847, or email socialevents@clubdonatello.org.

Let Us Hear From You

Now is your chance to tell the Educational and Social Events Committee which events you would like to see planned in 2008. Email your comments or suggestions to them at edsocials@clubdonatello.org.

Parking & Bonus Rate Going Up in 2008

Volunteer Owners on the Financial Management and Investments Committee, working with the Management Team and Board of Directors, held the line on any dues increase for 2008 in spite of increased operating costs. However, the increased cost of opening a room is being passed on to Owners using Bonus Time. For 2008, Bonus Time will be billed at \$129, up from \$119 a night, reflecting the 8% increase in the cost of opening a room. This is still well below the average nightly "rack rate" for comparable properties. The minimum published rack rate for the Club Donatello is rising to \$228 per night in 2008. This rate applies only to transient guests.

Currently the Club's budget subsidizes the cost of parking for ALL Owners at \$13 per day while Owners pay \$15 to park while on Owner time, for a total of \$28. Anticipating a possible \$3 rise in parking rates next year, the Club's budget for 2008 provides for a continued subsidy of \$13, but Owners will need to pay \$18 per day while on Owner time to make up the difference. By comparison, the St. Francis charges \$45 per day to park, and more for SUVs.



This is our sixteenth year of business, and we couldn't have done it without you. We are offering Club Donatello Owners an incredible

3 for 1 special offer Only from SFX!

**This is a Limited Offer expiring soon
Don't be left out!**

- **3 Weeks for 1** (1 exchange week and 2 bonus weeks)
- **1 Year extension** on any existing unused deposits.
- **Reinstatement** of any one expired week.

**For details and terms and conditions, go to
www.sfx-resorts.com/Donatello3for1.htm**

Or Call (800) 739-9969

Club Donatello Goes Smoke-Free

Beginning January 1, the last three smoking rooms in the Club will be smoke-free. Be sure to tell any friends or family that you send to the Club that each violation results in a minimum charge of \$350 to cover the necessary costs of shampooing, deodorizing, and cleaning furniture, rugs and fabrics.

New TVs and Channel Programs

As reported in the *Management Team Update* on page 2, Club Operations continues to upgrade and refurbish all units. New LCD TVs and a new satellite channel program are now installed in all rooms. Besides the sleek new appearance of the TV sets, there is no more cable box and no more Pay-Per-View. Instead, the channel line-up now includes Fox News, Showtime and HBO along with the familiar channels. A channel guide is in place in all rooms.

Mini-bar Selections Are a Hit

Revenue from the Mini-bar has increased recently as Owners and Guests have eagerly taken to the energy bars and other more contemporary selections which were implemented as the inventory of previous items was depleted. Watch for new items on the Buon Giorno breakfast menu as well, as the Room Operations team takes note of popular tastes in breakfast orders.



Club Donatello Owners Association
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San Francisco, CA 94102

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Club Owners Save \$\$\$

Besides the VALUE of your Club Donatello unit described in the *Message from the President* on page 1, you realize added value from revenue generated by opening Club rooms to paying guests when rooms are not being occupied by Owners. This helps defray some of the Club's costs.

However, you also benefit from the discounts that Club Manager Quincy Moss-Lozada and the Marketing and Business Development Committee negotiate with local businesses. Recently we added *Cityscape* and *Biscuits & Blues*, to the list of Corporate Partners offering discounts or Club Donatello-unique products or services, and the Club will soon have discounted tickets to Pier 39 attractions, and for Blue & Gold Fleet Bay Cruises. These partners join the growing list of Club Donatello benefits listed on our Web site on the

Amenities page. Most of them require a voucher or presentation of your Club Owners Gold Card.

Here is an update:

Restaurants:

Zingari, 10% discount, OR Club Donatello fixed-price menu

Biscuits & Blues, 15 % off show ticket, fixed-price Club Donatello menu

Palio D'Asti, 10% discount

La Scene, 20 % discount

Caesar's, 20 % discount

Pier Market (Pier 39), 15% discount

San Francisco Coffee Roasting Company (Pier 39), 10% discount

Travel:

Budget Car Rental

VacationGuard—travel protection

Shopping:

Macy's Passport, 10% discount on purchases made all day.

You will need a Macy's Passport coupon from the Front Desk or from the Club Reservations Office in the Lower Lobby.

All details are on our Web site which is updated when new partners are added, so check it out when planning a trip to San Francisco.

Announcements

Minutes of October 24 Board Meeting available now on the Web site

Next Board Meeting is on 2/20/08
Smoking ban in all rooms starting January 1

Club Donatello Gift Certificates available. Call 415-885-8847

2008 assessment due December 1
Property taxes are due now!

Club Donatello

The art of living well away from home.

Established 1984