

Inns of Waterville Valley Association 2017 Annual Meeting Minutes

October 21, 2017

Call to order/Welcome and Introduction

President Dusablon called to order the regular meeting of the Inns of Waterville Valley at 10:09 am on October 21, 2017 at Holiday Inn 265 Lakeside Drive, Marlboro, MA.

Attendance:

Joanne Farnham explained that the minutes were in the mailing packet. conducted a roll call. The following persons were present: Glenn Dusablon, Carol Dusablon, Joanne Farnham, Linda Sousa

Associate Members: Russ Duade and George MacKay

Absent with cause: Dick LaBonte

Management: Gail Bayard-Kent

Owner Attendance:

George & Anita Clymas 201-11 and 307-25, Clara Denyer 201-19 and 403-19, Manuel Domingos 201-42 and 304-42, John & Helen Evans 404-7 and 404-43, Kevin & Mary Gallant 301-3, Gordon Hay 201-50, James & Marie Hoyt Jr. 106-5, Donna Hoyt 106-11, James & Marie Hoyt 106-6, Susan Hoyt 404-32 and 405-48, Susan, Donna & Karen Hoyt 201-12, Salvatore & Ana Pace 206-46, Leo & Marilyn Rivard 206-25, Kevin & Diane Rozak 201-40, Dennis Sackal 106-29 and 403-41, Christine Stahlinski 101-29, Gary & Christine Stahlinski 101-36

Certification of Quorum: George MacKay

- a) George explained that we had 52 above the required number of interval & attendees required to hold an official meeting.

Approval of minutes from 2016 Annual meeting

Joanne Farnham explained that the minutes were in the mailing packet. A motion was made by Manny Domingos to accept the 2016 Annual meeting minutes with the correction of George Clymas owner of unit 201 week 11. The motion was seconded by Diane Rozak. All were in favor and none opposed.

Treasurer's Report/2018 Budget Discussion: Linda Sousa

- **IOWVA 2018 Operating Budget**
- 5 Columns-two prior years actual for 2015 and 2016, 2017 budget and 2017 budget projections. Last column is the 2018 Budget. We will go through the budget but will not comment on every line item, open to questions.

- **Owner Maintenance Fees (#3101)** -2017 is projected to come in lower than budgeted. In 2015 we took back **20** units and sold **6** units-that's a loss of **14** units paying maintenance fees. In 2016 we took back **10** units and sold **3** units- that's a loss of **7** units. In 2017 we took back **10** units and sold **5** units for a loss of **5** more units. We also raised base maintenance fees by 4 % in 2017.

The maintenance fees remain the same as the budget for 2018 does not reflect an increase in Maintenance Fees. The priority in 2018 is to position the Inns to focus on and actively and aggressively market and sell units to restore full ownership of all **950 weeks**.

Currently only 699 units are owned. If all **950 units** were owned by owners in good standing the income from maintenance fees would be approximately **\$651,951**.

The actual maintenance fee income for 2017 is projected at \$405,832 with over \$8,000 less than that number next year with a maintenance fee revenue of **\$397,698 in 2018**.

With **205 units** that are owned by the Inns, **26 units** that are leased because they are without clear titles and with **20 current owners** that are not meeting their financial responsibility as owners we are losing over **\$254,253** in annual income every year.

The sale of units is key to increasing revenue and keeping maintenance costs low in the future.

Out of 950 weeks (19 X 50, less 2 weeks shutdown in April)

699 are owned

205 are owned by the Inns

20 non-payment

26 units are leased (do not have clear titles)

Rental Income (#3260-#3230)-This is the NET amount we collect on behalf of owners renting their units. We receive a 25% commission. As of July we have received \$2,496 which already exceeds the 2017 annual budget of \$2,000.

Detail- **#3260**-Rental Income OWNER units \$3,502-**#3230** Owner Payments/Rent Returns \$1,006= Net **\$2496**

Sales Income (#3275-#3278) this is income from the sale of a unit. If we increase sales, we have an opportunity to exceed the revenue budget but a drive and a campaign to increase sales is necessary. We are making strides in this direction with updated software that will not only be helpful administratively but will make unit sales and transactions easier and more available.

Detail - #3275 - Sale of unit \$9975-**#3278** Discount on unit sale \$4,985-**NET \$4,990**

IOWVA Units Use Income (#3262 + #3060) This represents the fees that are collected from owners and others for the use on units owned or controlled by the Inns. Detail-**#3262**- Rental Income Inns Owned retail \$6,532 +**#3060** Rental Maint Fee Inns Owned \$2,413= **\$8945**

Other Income (#3185 + #3052) Income from Laundry, Winter Surcharge **Detail-#3185 Laundry Income \$453 + Winter Surcharge \$32=\$485**

Total Income for 2017 is projected to be **\$429,939** which is **\$4,536 higher than budgeted**.

Total Other Income #3020 is income from late fees for non-payment of maintenance fees. As of July \$2,200 was collected.

Overall Total Income at the end of the year, we projected at \$432,539 which is **\$7,136** higher than budgeted for the same reporting period.

EXPENSES

Administrative Expenses- This category is where the bulk of our expenses are located. Actual **Accounting Expenses** are expected to come in around \$6,000 which is \$1,000 over budget. Our accountant is Diane Rhode, CPA located in Plymouth, NH. **Bad Debt** represents owner maintenance fees not collectible. The projection of bad debt for 2017 is significantly less than budgeted thanks to loyal owners and strong collection procedures. **Property and Liability Insurance** includes property insurance, liability insurance, an umbrella policy and Directors and Officers Insurance and is budgeted at \$14,250 for 2017. This is expected to come in close to budgeted projections. A slight increase to \$14,320 is projected for 2018. **Workers Compensation** is difficult to plan. Due to favorable experience we have received credit in the past. Although 2017 is expected to come in at \$3,546 which is lower than the \$4,200 budgeted, a slight increase to \$5,033 has been budgeted for 2018 in the event we do not receive credits. **Legal Expenses** are NET for expenses billed to owners as part of the collection process (#4685 Legal less the #3030 Maint Fee Legal charge) we do not anticipate a change from 2017 budget and project the same \$5,000 for 2018. **Technology Expense** budget for 2017 is \$4,000, actual expenses for 2017 are projected to come in \$6,000 higher for a total of \$10,000. The majority of the expense in this category is for the purchase, installation, training, implementation and maintenance of a web based integrated timeshare operating system. The new system will include an advance owner and guest web portal to update and assist with owner account management, owner usage, inventory, reports, check-in, owner and guest portals and more. Funds are also included for necessary computer upgrades and associated with the software update. Expenses for 2018 are budgeted at \$10,000 which includes the monthly subscription fee for all licensing, system support, maintenance, backup, security, ongoing training and updates. This new system will help in our campaign to increase rentals and sales. **Wages/Other Compensation** is our largest expense in this category and includes salaries paid to staff (W-2) and administrative or bookkeeping assistance. Due to bookkeeping changes mid-way through 2017 we are projecting a \$7,800 savings at year end over 2017 budget. The savings in this category are offset in part by the over budget variance in **Technology expense**. The budget for 2018 is \$150,000 and assumes a 1.5% increase over 2017 projected actual at year end.

Total Administrative Expenses are projected to be \$6,396 less than 2017 budget. The budget for 2018 is \$216,379 which is only slightly higher than the 2017 budget.

Maintenance Expenses-Repairs and Maintenance (#5040 Small Tools & Equipment \$1,802 + #5055 Repairs and Maintenance \$10,687 + #5015 Repairs and Materials \$1,158 + #5030 Propane Equipment Maintenance \$0=\$14,646) is projected to come in \$13,354 less than the 2017 budget of \$28,000. \$10,000 has been budgeted for 2018. The lions share of the expense in this category for 2017 in the \$66,527 for repairs and work that is being done this year. The 2018 budget allocates \$30,000 for these repairs. This line item (**#5070 Improvements**) has been added to this category so we can track the work that is being done and reflects costs to repair fireplaces (\$13,052 + 21,885), exterior renovations by #101-\$8,700), signs (\$4,200 +\$1,610), repair stone stairway (\$3,640), Storage Shed (\$4,100), Decks (#104,105, 106) (\$4,060) and #101 Deck (\$5,880). \$30,000 has been budgeted for additional projects in 2018. **Hot Tub Testing/Maintenance** is expected to come in at \$10,743 which is \$4,743 higher than the \$6,000 budget for 2017. Costs in this

category include new hot tub purchases and costs associated with the hot tub testing and maintenance. 2018 budget is \$7,000. We have good vendors and fix cost contracts for **Plowing and Sanding, Landscape and Pest Control**. As a result all other line items in this category are close to budget projections for the reporting year with no significant changes in 2018.

Overall Maintenance at year end is expected to come in \$59,596 over the 2017 budget of **\$44,650**. With much of the work being addressed in 2017 the 2018 budget is \$57,900. This is significantly less than 2017 projected and \$13,250 over what was budgeted in 2017.

Utility Expense- the most significant expense in this category is Electricity. In 2016 we spent \$27,768 and in 2017 we budgeted an increase at \$32,500. As a direct result of cost saving measures with the installation of LED lighting we are experiencing a savings in this category and projecting a \$5,855 savings over budget at year end.

Overall utilities reflects a savings of \$8,158 for 2017. The budget for 2018 is \$74,800 which is less than was budgeted for in 2017.

Guest Services-Cleaning and Consumables expenses have proven fairly predictable and we are projecting \$9,542 for 2017 and \$9,000 for 2018. **Sports Center** expenses are fixed through 2017. A 5% or \$1,120 increase is projected for 2018. Room inventory fluctuates based on replacement programs that the Board votes to take on. The board voted to replace the mattresses, box springs and frames in all the units. Bedspreads and mattress covers were also replaced. During shut down, pans, sweepers and various items were also replaced. Total cost for 2017 is projected at \$28,336. \$25,000 is budgeted for 2018.

Overall Guest Services at year end is projected to come in at **\$60,087** which is \$4,287 higher than the \$25,000 budget for 2017. \$59,420 is budgeted for 2018.

Taxes and Insurance. Payroll Taxes are a function of our W-2 expenses which are down in 2017, so we have lower payroll taxes. We are projecting **\$8,753** which is less than the 2017 budget of \$13,000. The budget for 2018 is \$11,000. **Property Taxes** paid to Waterville Valley remained the same as in 2016. The budget for 2018 is **\$23,000**. There was no new information as to the 2018 rate at the time the budget was set. **Overall** there is not a significant change in the budget from 2017 to 2018 which reflects \$25,000 for this category.

Total Expenses - are projected to be **\$474,391** which is **\$44,341** over the 2017 budget of **\$430,050**. This is largely due to the maintenance projects and repairs that have already been completed and will be completed before year end. The budget for 2018 is \$443,499 which is significantly less than 2017 projected and \$13,449 higher than the 2017 budget.

The 2017 budget projected a **\$4,647** deficit at year end. Actual deficit at year end is more like **\$41,852**. For 2018 we are budgeting for a deficit of **\$21,701**. If we can improve on **Sales Income** we can make up that difference.

Your association Replacement Reserves (#2630) has held steady at \$95,000 and your Board elected to pay for things out of operating funds.

Moving to the **Balance Sheet as of July, 2017** some key items to point out:

Checking Savings represents the deposits in the bank to support our operational expenses. Also, item #1015 **Reserve Special Assessment** (\$17,052) represents money collected from owners for the special assessment. A schedule with the breakdown of expenditures is reflected in the report entitled **Inns of WV Association Special Assessment as of July 2017**. As agreed, these funds are kept in a separate bank account and itemized as expenditures are made. To date **\$76,214** of the **\$93,266** collected has been spent on Industrial washing machines, security system and paving leaving a balance of **\$176,052**.

Accounts Receivable are maintenance fees and other fees such as Special Assessments owed to the Association by owners. There is an **Allowance for Bad Debt** offset which was developed by our accountants to represent funds that were likely uncollectible.

Under **Other Current Assets** two items of significance are item **#1210 CD** which represents \$61,635.58 in Certificates of Deposit for most of the Replacement Reserves. The rest of the money is held in **#1230 Northway Reserve MM** (money market).

The Profit and Loss Previous Year Comparison shows revenues and expense through July 2017 and then compares to July 2016.

YTD Total Income is about \$12,206 more than this time last year.

Overall Total Administrative is \$2,841 less than last year. The most significant variance in this category is in salaries and wages due to staff changes.

Total Maintenance Expenses are down \$8,951 from last year. This is largely due to timing of the necessary repairs that are being done during the last quarter of the year which will be reflected in an over budget variance in this category at year end.

Total **Utility Expense** is down \$2,172 from last year. Savings are a result of the LED lighting replacement project this year.

Total **Guest Services** are up by \$18,980 due to Room Inventory and the replacement of the mattresses, box springs and frames.

Through July, revenues exceeded expenses by \$21,758. With the necessary work and projects during the final quarter of the year like fireplaces, decks, stone walkway and storage shed we anticipate negative cash flow at year end.

A motion was made by Jim Hoyt to accept the Treasurer's Report. The motion was seconded by Gary Stahlinski. All were in favor, none opposed.

President's Report: Glenn Dusablon: Glenn reviewed our accomplishments this year of: LED lights, White linens that we are able to bleach, Wall mounted hair dryers in each unit, ironing board and iron in laundry area, gas fireplace inserts (awaiting piping from the gas company, Rentals directly on Expedia, Office software that both Gail and Linda like, savings of over 12K by bringing the bookkeeping onsite as we do not have to pay for extra cell phone, lap top, printer and ink. We completed the purchase of the mattresses and fire extinguishers are being serviced by Syntass. All of our emergency exits and lights are OSHA compliant.

Gail hired a new staff member when Ellen left. Catherine does both maintenance and housekeeping. The decks of 104, 105 and 106 were done over and no longer lean toward the building. The deck on 101 is under

construction and will have handrails. The hot tub unit in 101 has been out of commission for almost 2 years as the current panels were under the hot tubs. The right egress near 101 a four by four beam was sinking into the ground. The handrail currently meets code for small children. We removed the rotted trees in the front of the building which also caused moss on the roof. We replaced the front doors. Two windows were replaced, one in the office and one in a unit. The office one replaced the AC unit. Prep lift for the GEL cost \$900 in repair to our asphalt and was paid for by them. We hired a collection agency at not cost to the Inns. The 1/2 price sale for owners in good standing allowed us to sell 9 more units. The old storage shed was not on our property so the new wood shed will be enclosed for our snow blower and equipment. Currently, we store gas under the left stairwell. We will remove the cinderblock and raise it higher to put drains and crushed stone.

Condensation was noted in the hot tub rooms. The exhaust fans were backwards. Condensation sensors need to have a protective cover so no one can turn it off. Roof in the hot tub rooms are not insulated.

New signs are being done. They will not have to be maintained or painted. It is a type of plastic and will state, "Owned Vacation Properties, Sales and Rentals" instead of timeshare.

Fireplace inserts will be 40,000 BTU inserts including the lower lobby by the moose.

Questions were brought up by Susan Hoyt re: Expedia and Gail will sort out by putting the information on unit availability. Also, George Clymas asked on use of RCI guests, owners renting on their own vs. the Inns renting the unit for the owner. Gail states that 25% goes to the Inns and the rest to the owner of us renting the unit for the owner. If we rent an association owned unit, 100% goes back to the association. Gail tracks rental of owners units that are not association owned as well.

Clara owns 2 condos and wanted to stay for only 1 night at the Inns but nothing was available. Our website will be adding updated pictures of the units that may be done over shut down so that if someone would like to look before they purchase, it can be done. We may also put a virtual tour on the website.

John Evans has been an owner for 30 years and people are turning them in faster than we are selling them. He states that this board understands and is getting things done and they are doing a great job. The new software and webpage will help us to get this done. Joanne mentioned that this is very hard to get the old fixed/flex weeks as timeshare/vacation ownership is pushing the points system now.

Glenn states he has been an owner since 1983 and has 5 units.

Old/New Business: Gary Stahlinski stated there had been a problem with flies in unit 101. Gail had called the exterminator but not effective approximately 2 years ago in July. The issues was corrected but we need to keep checking on this type of issue so that no one's vacation is ever ruined. Gail states the 1st of every month pest control comes. Glenn felt that some critters may get under the building and now that the trees are gone, they may be nesting closer to the building.

Glenn states that we are removing all of the old ETS heaters as they are obsolete and were running out of control. We owe the coop some money so they have agreed for us to give back the units to them so that they can use the parts. The units are very heavy as they have 27 plates of brick in them.

Manuel Domingos states that he goes back as far as Glenn and that he has traded and upgraded by now that he is elderly, he would like to see about an elevator lift. George MacKay had done extensive research on this and many state that are for single family residence and not designed for our type of usage. George has one more company he is looking into. Glenn is the President of the Veterans Memorial Archive in RI and he states

that architects state it would be too much money to put in an elevator and we cannot violate any fire codes. Arline MacKay mentioned that once we start with the handicapped changes, all must be upgraded. We do have the safety grab bars in the tubs which were installed by professionals.

Hot tubs run on 110 current instead of 240. We got 2 liners and got rid of the old wood floor. Someone suggested to get rid of the hot tubs but we are unable as some bought just because there was a hot tub in their unit.

Beige appliances are hard to replace. It will be better to replace our appliances with a basic white than a special order as it will be less expensive.

Gail mentioned that EVP marketing for website is looking for family photos. The old website per Glenn was not under the IOWVA name but an individuals name and we are keeping it under our control from now on.

Gary asked if we had training money for the new software and Gail stated that it was part of the package. It will be user friendly even for older people who are not used to technology. We will be able to make payments for our maintenance fees online.

George Clymas stated that our RCI Gold Crown rating was not posted yet. Gail will check on this. George also stated that he had better luck with RCI than II. Per Gail's statistics, in 2016 34% used RCI and 74% used II and most was probably due to owners waiting to sell.

There are new types of hot water heaters that are tank less but ours are just 2 years old. Per Gary Stahlinski, the newer type of baseboard heating systems are more effective and energy efficient. Newer ones per Glenn, are higher and not with short flat tops.

Board of Directors Elections 3 year term/2 year term: Russell Duade:

Current Board of Director Memberships

Carol Dusablon- elected at 2016 meeting for 3 year term-runs thru 2019

Linda Souza- elected at 2016 meeting for 2 year term-runs through 2018. Linda is currently serving as Treasurer.

Dick LaBonte- elected at 2015 meeting for 3 year term-runs through 2018.

Glenn Dusablon- elected at 2015 meeting for 2 year term-currently serving as President. His term is expiring today.

Joanne Farnham- elected at 2014 meeting for 3 year term-currently serving as Secretary. Her term also expires today.

Russ Duade and George MacKay-are Associate Members. We serve at the pleasure of the board-hopefully bring some expertise or experience that is helpful to Board deliberations. We do not have a vote on Board matters.

We have two vacancies open today-Glenn and Joanne.

Glenn per Roberts Rules of Order asked 3 times if we had any other nominations.

For the first vacancy, currently Glenn Dusablon: George Clymas made a motion that Glenn Dusablon be nominated for the 3 year term through 2020. The motion was seconded by Dennis Sakal. All were in favor and none opposed.

Second Vacancy-currently Joanne Farnham. This term will run for 2 years-through 2019. A motion was made by Jim Hoyt for Joanne Farnham to hold the 2 year term through 2019. The motion was seconded by Gary Stahlinski . All were in favor and none opposed.

The drawing was held and many owners won shirts that were printed with the IOWVA logo on them.

A motion was made to by Gary Stahlinski to adjourn the meeting at 11:45 am. The motion was seconded by John Souza. All were in favor and none opposed.