

2019 IOWVA Annual Meeting Minutes

October 26, 2019

Holiday Inn

265 Lakeside Ave, Marlboro, MA

**Call to Order:** The meeting was called to order by President Dusablon at 10:06 am. President Dusablon thanked all for coming and recognized past board members and our veterans. He also explained that our meeting will be conducted under Robert's Rules of Order and there will be plenty of time for discussion and recommendation by all.

**Roll Call of Officers:** Glenn Dusablon (President), Joanne Farnham (Secretary), Linda Sousa (Treasurer), Carol Dusablon and John Sousa (members) and Russ Duade (Associate Member)

**Confirm the meeting has required proxies and attendance to conduct business:** Russ Duade stated we have 744 Owners and to have a quorum of 25% we would need to have 186 proxies and/or in person. We received 343 proxies or a total of 46%. Joanne Farnham made a motion to accept Russ Duade's report and that we have a quorum to conduct business at this meeting. The motion was seconded by Harry Dodyk. All were in favor and none opposed.

**Secretary's Report:** Joanne Farnham asked if anyone had questions on the minutes from the Annual Meeting of 2018 held on October 20<sup>th</sup>, 2018 which were included in their mailing packet. Since there were no questions, additions or deletions, a motion was made by Lynn Rivard to accept the 2018 Annual meeting minutes. The motion was seconded by Christine Stahlinski. All were in favor and none opposed.

**Treasurer's Report:** Linda Sousa

Inns of Waterville Valley Association 2020 Operating Budget

5 Columns-two prior years actual for 2017 and 2018, 2019 budget and 2019 budget projections. Last column is the 2020 budget. We will go through the budget but will not comment on every line item, open to questions.

**Owner Maintenance Fees (3101)**-The projected deferred income for 2019, if all owners met their financial obligation would be **\$395,130**, however what we will actually receive is expected to be closer to **\$336,775**. That is \$58,335 less than what we would receive in maintenance fee income in 2019 if fees were paid by all owners. The budgeted income for 2020 maintenance fee is **\$375,176**. This is **\$42,926** less than the anticipated gross potential of \$418,102 if maintenance fees were paid for all Owned weeks.

Maintenance fee income is necessary to operate and maintain the INNS. If all **950** weeks were owned by owners in good standing the income from maintenance fees would be approximately **\$651,951 (19x50=950, less 2 week shut down in April)**.

The reality is there are currently only 673 weeks are owned where we receive active payments 209 weeks are owned by the **INNS**. **27 weeks are** leased because they are **without clear titles**.

714 weeks are owned by Owners, 41 of those current owners are in collections because they are not meeting their financial responsibility as Owners. So currently we have 673 Owners in good standing who are meeting their financial obligation.

Even so, we lose **\$275,957** in annual revenues each year. That loss is increase when owners do not meet their financial obligation. In 2017 there were **20** owners in collection, today there are **41**.

In 2015 the INNS took back 20 units and sold 6 (**Net 14**). In 2016 we took back 10 and sold 3 (Net 7), in 2017 we took back 10 and sold 5 (Net 5), in 2018 we took back 17 and sold 8 (Net 9). This year we took back 19 and sold 4 (Net 15). That is 50 units in four years.

As it is our financial and fiduciary responsibility to insure the financial stability of the INNS the budget for **2020 includes a conservative increase in base maintenance fees, Winter Surcharge and Hot Tub Fees**. The 2020 budget includes a **3% increase in base maintenance fees**, **\$10** increase in Winter Surcharge from \$32 to \$42 and a **\$6** Increase in Hot Tub Fee from \$54 to \$60.

#### **A little historical perspective:**

In 2015 and 2016 **base maintenance fees** were increased 3% each year and the base maintenance fee was increased 4% in 2017. Also in 2015 a Special Assessment was assessed. The monies from that assessment were used for the purchase of industrial washing machines (\$14,215) and security system (\$4,442) in 2015, paving (\$57,557) in 2016 and carpeting throughout the common areas of the INNS (\$20,300) in 2018.

In 2018 and 2019 maintenance fees remained static without an increase in fees.

**Winter Surcharge** was \$25 in 1983 and is assumed remained the same until 2014 when it was increased to the current \$32. Winter surcharge expenses include 60% of electricity, 90% of propane and 100% of plowing and sanding. These expenses have continually increased over the years. Estimated income from the **\$10** increase in winter surcharge is \$15,162. Estimated costs are considerably higher at \$38,450 in 2020.

**Hot Tub fee** was \$25 in 1983 and is assumed remained the same until 2010 when it was increased to \$49. It was then increased in 2015 to the current \$54. Estimated income from the **\$6** increase hot tub fee is \$12,000. Estimated costs are \$16,759 in 2020. There is a supplemental heater under the floor for the hot tubs in the winter. Hot Tub Fee expenses include 8% of electricity, 70% of water bill, 100% hot tub maintenance and 100% costs for new hot tub, construction and electric work in conjunction with hot tub replacement. Estimated average cost of electricity of operate a new hot tub based on actual 2017 for the hot tub is \$2,279, \$500 for electric work and \$3,860 for construction for a total of \$6,639.

	2019	2020	Base	2019	2020	Oct	Oct	Flex	April	April
Weeks			DIF			1,-12	13,14,17-26		27-45	46-52
101	595	613	18	721	755	34	24		24	34
104,105,106	448	461	13	556	585	34	19		19	29
201	595	613	18	664	692	34	18		18	28
204,205,304,305	448	461	13	500	523	34	13		13	23
206	448	461	13	502	525	34	13		13	23
301	595	613	18	661	689	34	18		18	28
306,307,308,309	594	612	18	658	686	34	18	18	18	28
403,404,405,406	368	379	11	413	434	34	11		11	21

The priority continues to be to position the Inns to actively and aggressively market and sell units to restore full ownership of all 950 weeks.

At the same time we are aggressively pursuing rental opportunities to bring in additional income and have partnered with Booking.com. We are also focusing on advertising and marketing opportunities that will not only help with rentals but a larger pool of potential owners and increased sales. We have also upgraded our computer software and capabilities not only to manage the intricacies of timeshare ownership but to provide owners and guests a more interactive experience and easier online access.

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

	Owned	Owned by Inns	Leased no clear title	Collections-Current Owners not meeting financial Obligations		
2017	699	205	26	20	950	
2018	707	177	27	39	950	
2019	673	209	27	41	950	

**Combined Maintenance Fee is Maintenance Fee plus Hot Tub Fee, Winter Surcharge and RE tax (#3117+#3052+#3052+#3102)**-This is the combination of the Base Maintenance Fee (#170,873, Hot Tub Fee (\$3,780), Winter Surcharge (\$6,368) and RE Tax (\$8,667) for a total loss of **\$189,688** YTD in June. Last year during this time was \$186,498. This reflects a positive variance of \$3,190.

**Rental Income (#3260-#3230)**-This is the NET amount that we collect on behalf of owners renting their units. We receive a 25% Commission. June reflects (\$244). Actual last year during this time period was \$1,703.

**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 continue to make strides in this direction with our TSSI software that has already proven to be helpful administratively and as it continues to be rolled out is making and will continue to make owner data base, unit sales and transactions, reservations and accounting easier and more available.

**IOWVA Units Use Income (#3262+#3060)** this reflects fees that are collected from owners and others for the use on units owned or controlled by the Inns.

Other Income (#3185+#3180+#3190+#3179+#3035)-Income from Laundry, Soda, Other Income, Clean fee rental.

**Total Other Income #3020** is income from late fees for non-payment of maintenance fees. As of June \$1,440 was collected.

**Overall Total Deferred Income** at the end of the year is projected to be **\$414,661** which is **\$15,567 more than** budgeted. However this does not take into account the number of Owners in collections. It is more likely that total income at year end will be closer to **\$256,306**.

## EXPENSES

**Administrative Expenses-** This category is where the bulk of our expenses are located. Actual **Accounting Expenses** are expected to come in around \$4500. Our accountant is Diane Rhode, CPA located in Plymouth, NH. **Bad Debt** represents owner maintenance fees not collectible. We anticipate this to be significantly lower than expected thanks to our loyal owners and strong collection procedures along with the help of the collection agency. **Computer Expense** includes cost associated with the domain name, DPS computer service, email and the new automated **TSSI software** system (**\$5,542.54**) that is up and running in a phased roll out. \$8,000 was budgeted in 2019. **Actual** costs in 2019 with implementation of the software and monthly fees **\$600/mo.** Through the end of the year are expected to come in around \$15,557. The budget for 2020 is \$8,920. **Property and Liability Insurance** includes property insurance, liability insurance, an umbrella policy, Cyber policy and Directors and Officers Insurance and is budgeted at \$15,500 for 2019. An increase is not projected for 2020. **Workers Compensation.** Due to favorable experience we have received credit in the past Because of this, along with the staff changes down to 3 employees has reduced costs in this category. The budget for 2019 is \$3,800 and actual costs are expected to be \$1,438 at year end. 2020 budget is \$1,764; Legal **Expenses are** NET for expense billed to owners as part of the collection process. Legal expenses for 2019 were reduced to \$3000 due in large part to the use of the Collection Agency. Their fee is based on collections. **Wages/Other Compensation** reflect wages for our full time management and maintenance staff. 2019 Budget is \$118,000, we are projecting to end the year at \$114,357, and Budget for 2020 is **\$126,000**.

**Total Administrative Expenses** are projected to come in at **\$170,808** which is \$2,196 less than 2019 budget of \$173,004/ the budget for 2020 is **\$181,744**.

**Maintenance Expenses-Repairs** is projected to come in \$13,064. Unexpected expenses were incurred due to boiler repairs and replacement. Both the 2019 and 2020 allocates \$30,000 for necessary repairs. Line item **(5070 Improvements)** has been added to this category so we can track the work that is being done **Hot Tub Testing/Maintenance** is expected to come in at \$4,074 which is less than the \$6,000 budgeted in 2019. Cost for contracts for **Plowing and Sanding & Landscape and Pest Control** are fixed. **Plowing and Sanding** were budgeted at \$5,500 for 2019 and is expected to come in **significantly higher at \$10,208**. This is as a result of a change in vendors, difficulty finding a vendor and securing the contract at a fixed price for two years. 2020 is budgeted at \$8,750. **Pest Control** has also increased with our preventive maintenance programs for pests and bed bugs. 2019 budget is \$1,200 based on prior year extermination. With a change in vendor and more aggressive preventive maintenance plan costs for 2020 are expected to come in at **\$6,948** for an over budget variance of \$5,748. An increase in costs is not expected in 2020 and the budget is \$6,948. Most all other line items in this category are close to budget projections for the reporting year with no significant changes in 2020.

**Overall Maintenance** at year end is expected to come in at \$61,177 which is slightly less than \$62,800 budgeted for 2019. A great deal of work was done in 2017 and 2018. A number of projects have been scheduled for 2019. To date the parking lot was resurfaced and stripped (\$3,601.30). A new security/door lock system is planned this year (\$4,888) that will replace keys with a pass card system. An update of the security system (\$9,848) and repairs to the side stairwell (process of getting bids) is also planned but will most likely be addressed in 2020. 2020 is budgeted at \$67,267.

**Utility Expense**-Most line items in this category are closed due to budget with only slight increase for 2020. **Overall Utilities** for 2019 are expected to come in under budget. **2020** is budgeted in line with 2019 projections at **\$76,080**.

**Guest Services-Cleaning and Consumables** expenses have proven fairly predictable. The addition of the Golf passes to **Sports Center** expenses only impact this line item slightly. Room inventory fluctuates based on replacement programs that the Board votes to take on. During shut down, pans, sweepers and various items are replaced. The most significant change in this category was the addition of the cleaning service in 2018 which in large part is offset by the savings in the administrative expenses Overall **Guest Services** at year end is projected to come in at **\$87,751** which is \$11,549 less than the \$98,300 budgeted for 2019. \$97,400 is budgeted for 2020.

**Taxes and Insurance: Payroll Taxes** are a function of our W-2 expenses associated with staffing. **Property Taxes** paid to Waterville Valley remained to close that was paid in 2018. There was no new information as to the 2020 rate at the time the budget was set. **Overall** there are no significant changes in this category.

**Total Expenses**-2019 expenses are projected to be **\$425,512** which is **\$18,072** less than the 2019 budget of **\$443,584**. This is in part due to the staff's efforts at cost savings as well as projects and repairs that were completed in 2017 and 2018 that have made operations more efficient. The budget for 2020 is \$453,191.

The 2019 budget projected a \$44,490 deficit at year end. Actual deficit at year end is projected at \$10,851. For 2020 we are budgeting for a deficit of \$54,915. 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 June, 2019** some key items to point out:

**Checking Savings represents** has been closed and the balance of \$860.92 was transferred into the money market account and will be used in part for payment for the computer upgrade and building wife upgrade. The monies from that assessment were used for the purchase industrial washing machines (\$14,215) and security system (\$4,442) in 2015, paving (\$57,557) in 2016 and carpeting throughout the common areas of the INNS (\$20,300) in 2018. **(Total was \$97,375. \$861 was transferred to money market to be used for WIFI (something that benefits the entire INNS)).**

**Accounts Receivable** is maintenance fees and other fees 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.

Two items of significance are item **#1210 CD** which represents **\$61,798.39** in Certificates of Deposit for most of the Replacement Reserves. The rest of the Money Market **\$34,031** was held in **#1230 Northway Reserve MM** (money market). The Money Market and the two CD's have been merged into a new three year CD that will mature 3/4/2022. The remaining CD will mature on 6/22/2020. **#1230** is closed.

The profit and Loss Previous Year Comparison shows revenues and expense through June 2019 and then compares to June 2018.

YTD Total Income is about **\$2,461** more than this time last year.

Overall Total **Administrative** is \$6,181 more than last year. The most significant increase is this category in computer expense and software upgrades and the phased rolling out of the new TSSI software to manage the intricacies of our time share ownership, administration, registrations, sales and rentals and also provides owners and guests a more interactive experience and easier online access.

Total **Maintenance** Expense is \$6,737 higher than last year. This is in part due to increased costs in landscaping, plowing & sanding, pest control and in part due to timing.

Total **Utilities** are \$3,118 less than last year at this time with most line items close to budget. It is expected that the positive variance will carry through year end.

Total **Guest Services** is \$2,531 more than this time last year. This is timing and is not expected to exceed budgeted projections at year end.

Through June, expenses exceeded revenue by \$8,685. With a decrease in income due to units that have been taken back by the INNS and increased Owners in collection coupled with the necessary and

continued building repairs and various projects during the final half of the year we anticipate a negative cash flow at year end.

**President's Report:**

Glenn stated that the exhaust fans in the hot tub rooms were sucking in the air and not flowing it out and made the hot tub rooms black on the walls. This is fixed.

We have free golf for the owners which have been a plus.

Zach cleans the towels.

Pest control is done on the outside of the property in boxes and we do preventive care for bed bugs.

Fire extinguishers are now in full compliance.

Flex weeks: Many who pay were getting the same units year after year and it should be a drawing. We have two units right now that an owner would buy if it were fixed instead of flex week. We need to consider this and have it on the ballot for the next annual meeting. When owners trade, they must have a determined week 1<sup>st</sup> to trade it.

We have a New Hampshire Attorney now who would like to do a grouping and have an in court hearing to clarify if it is ok to lease something that we do not own. Collections are unable if a person has been deceased for 10 years.

Our snowplowing costs went up from \$4,500 to 10K.

Storage area for bikes in the old building has rotted and posts have fallen over. We need to look at the costs to see if it should be removed. The shed is borderline on the abutting property.

Associates to join the board as some are younger and older. We can talk after the meeting.

**Joanne made a motion to accept the President's report. The motion was seconded by Gary Stahlinski. All were in favor and none opposed.**

**Elections:**

**Carol was elected in 2016 for a 3 year term which expires now in 2019**

**Joanne was elected in 2017 for a two year term which expires now.**

**It was announced x 3 any nominations from the floor. Joanne made a motion to nominate Carol Dusablon for a 3 year term which was 2nded by Gary Stahlinski. All were in favor and none opposed.**

**Harry Dodek made a motion to nominate Joanne Farnham for 2 year term which was 2nded by Jim Hoyt. All were in favor and none opposed.**

Russ stated that in 2011 we had great experiences with associates. We are a small group that meets 5-6 times per year. He drives 250 miles to a meeting. The associates are non-voting members but it does help them to become familiar with the meetings prior to getting voted on.

Gail put the lazy boy recliner from 104 on the list for a new chair. Also 301 looks like a young girls chair. Gail has them on the list to look at.

Years ago there were local vineyards and restaurants in the valley. JL Sullivan's is good food for the price and replaced the old William Tell restaurant.

Gary Stahlinski mentioned that the board meetings would be good if we could Skype and record them.

Elizabeth stated we should get speakers for an am/FM radio.

Our knives need to be replaced. Mr. Harry Dodeck states that the weeks owned by the Inns we should offer for an exchange and offset them at \$750. Glenn states there are some phony companies and if we do not own it, we cannot lease it. There are 27 leased old units in collections about 25. This is one of the reasons we hired Tabitha per John.

We saved 12K per year in bookkeeping when Gail took the financials in house.

**Joanne made a motion to accept the president's report which was seconded by John. All were in favor and none opposed.**

**A motion was made by John to adjourn the meeting at 11:47 am. The motion was seconded by Joanne. All were in favor and none opposed.**