

Owner's Association Meeting  
April 16, 2011  
1:00pm

Andrew Farah: I would like to call this meeting to order, it is Saturday April 16, 2011. We do have a quorum so this meeting is official. My name is Andrew Farah and I am your owners' association president. To my right is your elected board members; Richard Glomski, Vicky Anderson(appointed), Ann Bonneville(appointed) and David Patoka could not be with us today. To my left is Joe Jacobson and John Holzschuh.

I want to welcome everyone today. I hope everyone who attended the welcome reception had a good time. Couple of things I would like to bring to your attention I have been president of this association for two years now and I have promised to bring value to your ownership. One thing I would like to talk about is the website. If you don't get the website we have limited the foxtail to once per year mailed so we hope you will find a way to get on the website. Anything about dues increases or renovations will be on this website. I don't know if anyone knows that we have started a 3-4 phase renovations project. We will have a unit available for you to take a look at from 3-4 today. As a result of that assessment we all got we were able to pay off all the bills and now use that money to renovate the units. We will spend over 1 million dollars in order to renovate 88 units. In case I forgot to mention questions and answers will be at the end of the meeting. 27 units will be done in this phase and then 27 in the next phase. Please don't call and request a renovated unit. We are giving first preference to RCI inbounds to get those RCI scores up, bare with us and let us get more of the units upgraded first. Don't call me and tell me you didn't get an upgraded unit. We need to raise those scores and if you do get an RCI comment card be nice and give us good ratings. This gives you trading value and gives value to your unit.

We just started with a resale company called Compass. Joe will give us a report later. If your unit is of no value to you any longer you will be able to get on the list for resale but you have to be fully up-to-date on your dues. There is a list of rules that will need to be followed. It is in your hand out packet.

New this year we will also hold an election for officers after this meeting. We won't be around very long after this meeting but each year after this meeting we will go downstairs and hold this election meeting. We will come back after that meeting and we will try to answer some questions.

We have worked real hard to prepare some agendas going forward so people don't have to be afraid to get on the board. As long as you are an owner you can participate on this board. Owners hold 3 positions on this board and two are appointed. You don't have to have an accounting degree. You can get more involved.

## Financial Report:

Dues-no increase since 2003! We did vote on an assessment this year but in your packet is a list I put together which we will use as guidelines on what should increase the dues. Dues won't have to increase because of the renovations. We will go through every year and check off the list and if those expenses increase by more than 10% then we will need to increase your dues. These are things we can't control. As you can see 2009 and 2010 is past and the total for 2010 was less than 2009. We won't and believe at this point we will try not to raise dues until the year after an increase if it is only 10% but if the number goes up by 15% then the dues may increase before the annual meeting. We may not be notifying you ahead of time but we will try to inform you when we can ahead of the increase. At least you know we are trying to put guidelines in place.

## Profit and Loss

Joe Jacobson: financial Statement

The handwritten numbers will correspond to notes on following pages. They, as a board, decided not to raise the dues but decided to pay off some bills which I thought was a very good decision. The special assessment was to pay off real estate taxes which were out there since the Likas days. This allowed us to spend the \$41,000.00 to use toward renovations. The association now makes money so we would be facing paying taxes come tax time if we didn't spend the money. With board approval, we started spending this money so the association didn't have so much money to pay taxes on. That is why if you go to the bottom line...we have gotten many of these areas down like payroll, etc. In Nov. and Dec we spent \$90,000.00 we spent this early so we didn't have to pay taxes. We started renovations early. We feel we can get this renovation done and unless something goes totally crazy beyond our control dues shouldn't have to go up. I thought it was very forward looking of the board to pay off the taxes and not raise the dues because once you raise them it doesn't go away. Two buildings are totally done and the rest will be done by June.

Go a few pages beyond 2011 Capital project. 7 buildings are on there with another  $\frac{3}{4}$  building that had to be done because of water pipes. Anything such as furniture and appliances that is better will be moved to other units that aren't getting renovated yet. Not everything, like carpet, won't get replaced if it is still good. We put canned lights and track lighting, new art, painted, flat screens in the livingrooms, etc.

This fall as soon as busy season is over will start the next 7 buildings. Next year will be villas 1-8. We will do Villa 20 and Golf Villas in the following year. The plan is to get it done in 3 years and unless something comes up totally out of our control this will be done.

We had an e-mail from an owner upset about securing affiliation with II. We did this because of the owners requesting it. He felt we would be hurting his trading power with

RCI by joining II. Don't know if the person is here today but rest assured that this won't affect your trading power.

We have Matt Murphy here from RCI who is going to do a presentation today.

Matt Murphy: Hello, one thing I want to say while I am setting up is that you are all very lucky that there hasn't been a dues increase in so many years. That is a real cudos to your board. I go to a lot of these meetings and that isn't common. A lot of owners tend to get feedback to the resort by using the RCI comment card and while it does get back to the resort you should tell the resort but make the comments favorable to RCI because this does affect your trading power. Both Jill and I will be available after the meeting for questions. We are a timeshare exchange company we help timeshare owners get somewhere else. For the weeks program you deposit your week here and exchange it for somewhere else. The enhancement we made in weeks is to make it more transparent as to what your trading power is. What is trading power. Simply put is value of your week against other weeks in RCI. Trading power is two fold one is when you deposit, depositing early increases trading power and that doesn't change. The other is the supply and demand of other resorts. A desirable location on a holiday will have a higher trading power. If you need more trading power to get somewhere you can now use two years trading power (or two weeks of your timeshare) to get where you want to go. Also, if you trade a 4<sup>th</sup> of July week and trade back into your resort in January you will get trading power to use another time. Our website has become much more advanced lately. You can search units available and what the trading power of your week is and the trading power needed to go somewhere else. We want everything out there for you to see.

Points program, I aquate it to a checking account. You no longer have a week on your account you have a point allocation for that week. Redeeming the points, there are reservations "windows" there is a point where if you come back here you don't have to pay the \$40 fee. Hopefully this is getting better and you won't have to pay that. This is just the highlights and Jill and I will be available for questions after the meeting for any questions you may have. Thank you guys I appreciate it. (clapping)

Joe Jacobson: As you can all see this is a pretty busy place today. We have two weddings today so RCI will be in the Riveria Room and the luncheon will be in the lower bar. We will need to let them get in here and set up for the wedding.

I want to talk about scores for a minute. I don't want anyone to think we want a free ride but if there is a problem please call us and let us fix it. We don't want a free pass if something isn't right but we want to know if there are problems. Don't give us a free pass but give RCI decent scores. You can fill out our comment card and tell us exactly what you think but by giving bad scores to RCI you are hurting your trading power.

We talked about building value. Compass resort is selling the resort weeks. There are 485 weeks left to sell and Matt Murphy helped us to find Compass to try to sell my weeks and how to help the association when they get weeks back. He gave me a couple of names and I checked them out. I went with Compass because they deal with mature resorts at

reselling weeks. The board said that's great but what are we going to do for the owners? The deal we came up with is that for every so many weeks of my weeks sold an association week gets sold. Bottom line is there is a list that we came up with. There is a resale form in your packet and you must read the rules. Your dues must be paid and if they aren't you will drop off the list and if you then catch up you will go back on the list but you will go to the bottom of the list. Compass had high hopes when they started and they sold 10 weeks but then December hit and the snowstorms stopped all the selling and the salespeople wanted to go back to warmer weather. They are starting again now and are very excited about this property and they know they can sell. They will be set up in the Maple Room by the front desk for their sales room. They do 6 or 7 other resorts that they are selling for and are very anxious to start on this resort. I will be available after the meeting for questions on this.

### Facilities and Management

There is a lot of information here for you here. We changed beds etc and I will be happy to answer any questions for you after the meeting. You can read the list on your own. Wi-fi many people have asked about having Wi-fi in the buildings and we are trying it in the golf villas, we have some anteneas in there we need to put up but we think we have found a solution to do the \$80/month charge on each building. If it works then we will do the property.

Vicky Anderson is up next. One quick thing when you come up for questions please state your name.

Vicky-has anyone been out to see 14A yet? (person in the crowd "it is beautiful") the new furniture will be here on Monday.

I want to introduce Maria she came down from the hotel front desk to work with us in the association. Please be kind to her we don't want to lose her.

Comment cards-please use the ones in your room we want to know the problems but we don't want you to get hurt in the process.

We have taken the classified section off the website and will replace it with the resale form. You will need to print the resale form and send it to us.

Andy: Thank you Vicky. At this point we will open it up to questions. Please step up to the microphone.

Mike Bodwin from Kenosha: We have been owners for 25 years but we are interested in upgrades. Last time I checked I was told you have to buy new.

Joe: Compass if possible will be able to help you with this. There are only 6 three bedrooms on property but if there are any they would be the ones who can help you.

Nancy Bearn: Now that you are renovating are you also doing the hallways and staircases?

Joe: When the building gets done the whole building gets done. We are also putting a small pad under the stair carpet to make them better.

Kurt Keller: Are all e-mail addresses on the website? (Vicky) all but not Maria's. For RCI has the formulas changed in all these changes? (Matt) no none of the formulas have changed.

Joe Watchowski: Could we please number the pages in the future. My wife is asking why we are paying real estate taxes when we only have time not real property.

Joe Jacobson: No you actually own real property and it is recorded at the Register of Deeds in Manitowoc.

Joe Watchowski: ok, then that negates my next question regarding the name of the owners association. I own a 2bedroom week that is red and isn't it the same as a 2 bedroom at any resort.

Joe Jacobson: No, it all depends on how much in demand the resort you want to go to is.

Joe Watchowski: Well if I don't give my week to RCI I can come to Fox Hills on the week that I own in my unit?

Joe Jacobson: No you need to make a reservation of when you want to come because we are a floating resort. You signed a flex time agreement when you bought because people don't want to be locked into a specific week every year.

Sherry Kinyear: Hi, we inherited a week from our parents and we are trying to get out of paying the maintenance fee every year and if anyone wants a 2bedroom blue week my sisters are here and we will gladly sign it over to you.

? Swimming policy is one that can piss off people very quickly. I have grandchildren here today and I can't get into the rec building. I have heard more people complain about the policy and you need to go back and look at this policy. If you want our grandchildren to see this place they need to get to use it.

Andy farah: I haven't heard a good suggestion from anybody about how we make this work. Just as we hear from you with your complaint but what about everybody else's complaint that there are too many people there. I was here by myself and there was a family of 9 people in there and no one did a thing. Vicky help me out here, but I haven't heard any good comments on how we police this.

? If you are paying minimum wage they should be able to enforce the rules. I have given you several ways on how to enforce the policies.

Vicky: We have several young families here and we have a family that has 7 children and they get to all bring guests. How ever many guests you get, they also get.

Andy: You are an owner and your grandchildren aren't

? they are in our trust.

Andy: you expect that an employee to know who is in your trust? We could look at maybe allowing this during the off season but is this going to make it more confusing for people to understand the rules? (mumbling). We have talked about this many times and it is always grandchildren that seem to come up as the issue. They do not own. I know the rules and I will not bring my grandchildren here. It is not a public facility. If we change things and expand the rules then we are going to get too many kids in the pool and people will complain about that. I want you all to step up and get on the board to help solve this.

? Do the renovations include painting the condos and repairing the decks and deck rails? How about the road?

Joe: No the buildings are not getting painted and decks are not in the plans right now. The roads will be very expensive to repair. We are patching as necessary.

? I am looking at the \$50,000 price to do the building and you guys are doing a great job to redo these for this amount.

Joe: We were very lucky that the economy kind of helped us out. We found a guy who has some furniture that he had sitting in a warehouse and he was anxious to get it out of his warehouse.

Any MacMillan: I have owned for 20 years and exchanged probably 19 times and people are astounded when we trade and we tell them that we own here to use the pool and at most places you can't even use the pools. Keep that in mind people! (loud clapping).

? How many people are in the wages?

Joe: 50

? do the board members get group insurance?

Joe: no board members don't get anything for doing this. If you want to talk to Andy you have to call him.

? office space. Where is there office space?

Joe: there are two downstairs here, there are new offices in the Rec Center, maintenance staff space.

Jim Jentsch: Is the north side of the roof in Rec center leaking?

Joe: We had a bunch of roof work done recently and this is a new leak so we will have to have our guys look at this again. The snow blows up under the roof and causes problems. ? first impressions are a big thing and that parking lot when you first come in is horrible.

Joe: I agree. I wish I had a bunch of money because I would replace the parking lot. I paved all the cart paths and I am renovating up in the hotel and then will look into the parking lot.

Lynn Paider: Been an owner for many years. The leak at the pool was here last week when I was here. I saw the newly remodeled unit and it is wonderful. The bedrooms are like walking into a five star hotel. The kitchens are beautiful, I can't wait to stay in it.

Sandy: I am guessing most resorts want to be Gold Crown etc. What would trading power be if our scores go up with the renovations?

Jill RCI: Trading power isn't based on Gold Crown, etc. as unit maintenance and unit quality goes up trading power goes up. Utilitization is a bigger part of trading power.

Joe: Do we have a motion to adjourn? We need to get the girls in here for the wedding. Oops! We need to do the drawing. Next meeting will be third Saturday in April in 2012.

Matt Murphy: ticket 940944 for weeks membership. 940979 for free vacation week. No names of winners.

Andy: Motion to adjourn (person gave motion) I need a second (undisclosed person seconded) All approved (loud approval) We are adjourned.

End of recording.