

Lake Forest Resort & Club Condominium Association Annual Meeting December 3, 2017

Dan Krueger called the meeting to order at 1:00pm. Dan then established Dennis Breidenbach as the parliamentarian and explained procedures for owners to speak.

Secretary's Report

The minutes from the 2016 annual meeting were presented. There was a motion to approve, seconded and approved.

President's Report

Asset Improvements

This past year we have seen significant improvements at Lake Forest Resort. Probably the most noticeable is the blacktopped parking areas. Lots of people have given positive feedback about this and many of the other improvements made this past year. We look forward to continuing this focus while we catch up on a lot of deferred maintenance. There's a lot of items that are well past their life expectancy. We're looking at an aggressive (but reasonable) replacement plan over the next 4 years.

Areas of Focus

While increasing owner satisfaction is our top priority and steers the thinking and planning of the board, we also have an increasing priority on rental revenue. Given that there are a limited number of resales of weeks (virtually no resales occur for winter weeks), sustaining the longevity of the resort will greatly depend on rentals.

We have been averaging about 12 weeks being deeded back to the association annually (mostly low season weeks). Hence, as owners deed back their weeks, the association needs to try and recoup this lost "maintenance fee" revenue in the form of rental income, unless the week can be resold (resales don't happen too often).

Competition

Competition for renters is increasing. In fact, 2017 was the first year that we had several vacancies in high season for quite some time. We believe it is due to people using more internet sites like VRBO, AirBNB and Craigslist to find vacation rentals. As more people become familiar with these, they are finding more rental options when looking for vacation rentals. And, more home owners are also listing their homes for rent, thus increasing the supply of rentals. This is a trend that will likely continue.

For this reason, the board believes that improving and keeping the resort in great condition is critical to optimizing rental income - which also will help in keeping our maintenance fees in check.

Budget Planning & Goals

Much of the time and effort that the board spends throughout the year is focused on two things; 1) staying within budget for the current year, and 2) planning for the next year's budget for asset improvements while maintaining a reasonable maintenance fee for owners.

This is a challenging thing to balance. While catching up on lots of deferred maintenance items, we also are trying to shore up the Asset Reserve Fund for future repair and replacement needs (things that are 6-9 years out). We have about half the amount in reserves of where the account should be. So our plan is to catch up on funding this over the next 4 - 5 years too.

I am proud of the work the whole board is accomplishing and the synergy that we have developed over the past few years. And, by working well together with Sue, I am confident that the above mentioned budget planning and owner satisfaction goals of the resort are being achieved.

Other Business

1) With the increased of owners/renters having cell phones and the cost in maintaining the phone system for the condos, the board has decided to remove the phones, in each condo, during April maintenance. For those owners/renters who do not have a cell phone or no coverage at Lake Forest Resort, track phones will be available to use.

2) As of January 4, 2018, Lake Forest Resort will be affiliated with RCI for trading weeks. This will give owners more options for trading and also expose Lake Forest Resort to more potential trade-ins and possible new owners.

3) As of January 1, 2018 the rental commission, paid to Lake Forest Resort, will be increased from 25% to 29%.

Election of Directors

Dan announced the election of directors and introduced the two candidates – Dennis Breidenbach and Curt Knapp. Dan then asked if there were any additional candidates. This was done three times. With no new candidates, Dan asked that nominations be closed. There was a motion that was seconded and approved. Dan asked that a motion be made to approve Dennis and Curt to fill the two empty board positions. There was a motion made that was seconded and approved.

Resort Managers Report

Because Sue Couture was not able to attend the meeting, Tim read her report to the owners.

- Ambassador Program: Timeshare is now a 50 yr old product and as is often the case, older products often become defunct. Finding people interested in fixed week ownership continues to be a challenge. We urge all owner families to recommend Lake Forest Resort to family and friends. Information on the 'Lake Forest Resort Ambassador Program' can be found in your condo directory, on our website and was mailed out with this year's 'Annual Call to Meeting'.
- Despite VRBO and AirBnB becoming stiffer competition our rentals year to date are on track for meeting our goal. We learned that the WI Dept. of Revenue is going to require homeowners, who rent out space short term, to be licensed and pay state sales tax and local room tax so we're hoping that will lessen some future competition.
- A discussion was held with the full board at our Sept. meetings about our current rental policy and it was decided to keep the policy in tact as its currently written. Owners can book 56 weeks in advance, repeat renters 52 weeks and first time renters 51. This information is posted in the owners section of our website and announced in various email and snail mail communications throughout the year. We continue to encourage Summer owners to be aware of this policy and take advantage of the 4 extra weeks of booking time to insure they can rent additional units for extended family.
- The Trump Administration is considering either elimination of or reductions to the J-1 Visa Summer Work and Travel program, which allows college students enrolled full-time at institutions outside the United States to come to America and work on a temporary basis. Countless WI businesses - most in tourism - have raised concerns that this proposal would hamper their ability to find employees and force them to reduce operations. Lake Forest doesn't employ J-1 Visa students but if the program were eliminated it would increase competition locally for an already diminished work force. Sue has written emails to our president, vice president, WI state senators and representative, along with our WI state governor and lieutenant governor voicing opposition to this legislation.
- Low attendance at our Annual Owner's Meeting is becoming a concern. The primary point of an annual meeting is to elect members to the board and enact any other business that comes before the association of owners - specifically approving the annual budget - and also offer reports to the owners about association business, both fiscal and operation. As a cost savings measure some resorts have transitioned to sharing this information and conducting voting electronically. While we aren't ready yet

to make that transition we do see it on the horizon in the not too distant future.

- Ongoing marketing efforts include:
 - A new website logo was just designed by an owner who is a retired art director.
 - A new brochure was also designed and printed which is placed in every condo and family room, the front desk, distributed at the Eagle River Chamber of Commerce and used in direct mailings.
 - We have an active social media presence on Facebook, Instagram, Twitter, Google Plus, Pinterest, Tumblr, LinkedIn and YouTube.
 - We send promotional email blasts to solicit rentals.
 - We now have 5 videos on our YouTube channel along with using them on social media and website. Check out our latest drone video.
 - The Owner Ambassador program flyer is in each condo directory.
 - A slideshow presentation runs in the resort lobby and Forest Lounge.
 - We have an active procedure to solicit online reviews from owners and guests.
 - Printed ads are in the Vilas County and Eagle River Visitor's Guides.
 - We're listed on nine different online travel agencies.
 - We have business listings on ten different internet sites.
 - Marketing goals for next year include:
 - Expand our online presence and market resales/rentals through Timeshare related websites TUG, TSToday, Redweek and The Timeshare Authority. Further develop our listings on online travel agencies by continually updating images, utilizing free marketing opportunities and maintaining real time rental availability.
 - Strengthen our social media presence through targeted boosts and online promotions.
 - Increase targeted email promotions by developing seasonal and event driven contact lists.
- A few months ago Sue spoke with a lake management expert from the Dept. of Natural Resources about the condition of our bay and the rising silt issue. Until the silt is within 18" of the water's surface we cannot apply for a dredging permit. Unfortunately, dredging may very well be cost prohibitive. As a result, we'll be taking some pro-active measures - early Spring and late Summer - to move silt away from the piers.

Treasurer's Report

Dennis Breidenbach reported that 2017 budget is on target for the years expenses, however, he does not expect a positive cash balance. He cited two reasons. The continuing rise of bad debt, which currently makes up \$79/week of the maintenance fees and the fact we budgeted more for asset replacement this year.

The 2018 budget was presented to owners for their review. The suggested maintenance fee is \$648. There was a motion to approve the 2018 budget, this was seconded and approved by the owners.

Asset Replacement

Tim Mikel reviewed the 2017 asset replacement schedule and mentioned that everything had been completed. A few of these projects included:

- Exterior cleaning and staining of building 109 – 116
- Blacktopping of the parking areas
- Replacement of the circle area in front of the resort center
- New pier and fishing platform that replaced the "T" Dock
- Replacement Housekeeping Golf Cart

Tim shared the 2018 proposed asset replacement schedule and commented about some of the upcoming projects, including:

- Continuing with the exterior cleaning and staining for building 101 – 108
- Replacement of boiler in the 109 - 116 building
- Replacement of kitchen appliances in 109 – 116

- New washers/dryers for 117 – 124 building
- New living room upholstered furniture for 101 - 107 (116 got the furniture this year)

One owner made the comment “The resort is nicer now than when it was built”

Personnel and Policy

Laurie McWard thanked the owners for their help this summer with doing a “little extra” to help the housekeeping staff. This extra effort helped to ensure no one was delayed in getting into their condo.

Laurie also publicly thanked Sue for everything she does for the board, owners, renters and the overall resort.

Dan then asked the owners if they had any comments / questions for the board. Many owners spoke up with the following questions and suggestions:

- How much of our maintenance fees goes towards playing or the pool and workout room? Couldn't that be done on a per use basis?
- Several owners in attendance did not receive the “Call to Meeting” notice in the mail.
- It was suggested that the “Call to Meeting” be emailed, rather than mailed.
- Owners asked where they could find the owner documents that would include policies such as the rental policy. These should be made available on the website or at least a link to a PDF included in emails to owners.
- Should “High Season” owners pay a surcharge for the use of more services?
- As a way to introduce people to the resort, could owners invite friends and family to stay at the resort for 2 nights, at no cost?
- An owner shared her experience in coming to the resort after the office was closed. She arrived on Saturday after 4pm and because the office was not open on Sunday, no one was around until Monday. She had trouble with her key, but was able to get into her condo. She then found that the DVD player had been disconnected. Though she would have liked to have someone around to help, her concern was if she was a renter and had never been there before. What sort of impression would that leave? Her comment sparked a discussion that led to these ideas:
 - Making sure that a contact number is very clear to owners and renters if they should have an issue and the resort office is closed. Locations suggested included the resort office door, game rooms and front of welcome packets.
 - Create an “Ambassador” program in which each week an owner volunteers to be a point of contact for owners and renters Saturday evening and Sundays when the resort office has limited hours.
 - Communicate verbally to renters about resort office hours. Perhaps ask when they planned to arrive and if after hours, tell them that and provide a number to call if they need help.

At 2:11pm a motion was made to adjourn the meeting, this was seconded and approved.

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