

2016 Annual Meeting Minutes
Unapproved
@ Crown Ridge Resort
12:00 pm
326 Crown Ridge Rd., North Conway, NH 03860

Open Meeting:

Jim Wiggin opens meeting at 12:00 noon. Welcomes and thanks all in attendance.

Introduces Board Members :

Jim Wiggin, President
Jannette Frost, Sec/Treas.
Dan Bilodeau, Capital Reserve Manager
John Branscombe
Joe Manozzi

Reserve Board Members:

Tim Archibald, Thornton Ring and Kurt Wuelper

Manager:

Amanda Newton

John Branscombe will MC the meeting.

Proxies & Proof of Quorum:

3 proxies received-1 proxy to Jim Wiggin, 1 proxy to Dan Bilodeau and 1 proxy to John Branscombe

14 Voters present. 5 units are not represented by Unit Agents, and 1 unit Agent, Unit 14, is absent with no proxy.

We have a Quorum. The meeting can continue.

Approval of 2015 Annual Meeting Minutes:

Minutes of the 2015 Annual Meeting are in your booklet and were available upon request to the office and on the website. John Branscombe requests that when any one speaks to clearly state their name when they are speaking.

VOTE: Motion by Dan Bilodeau to accept the Minutes of 2015 Annual Meeting as presented. 2nd by Mr. Kulkowski

Vote: 14 yays, 0 nays. Motion passes to accept 2015 Annual Meeting Minutes as presented.

Year in Review:

Another challenging year. Many difficult decisions to make. /the BOD/Reserve BOD did a fine job minus my own physical participation due to illness. We have survived another year not without hard work and due diligence on a lot of people's parts.

Crown Ridge Trust Owners Association:

The Trust is a 2nd organization that pools our taken back units into the "lease" process which allows us recovery of the unit in the event of non-payment in a speedier, effective, inexpensive manner. We do not provide deeds to these weeks, we provide in essence, a lease. There were 246 CRTOA unit/weeks in 2015. 2016 count is 240 units. Of the 240, 177 of the units are small units. 63 of these units are large. The weeks are pretty evenly spread out in terms of units and season.

Discussion is had about the lease program itself, marketing these weeks and budgeting these weeks.

Jim W. speaks about letter from owner Mr. Krasner regarding the sale of units. The Quitclaim Project in 2016 goes back to late 2014. The Quitclaim Project will bring approximately 45 more weeks into the CRTOA pool (total owned for 2015 was 240) increasing the total units owned by the association to nearly 285 units/weeks.

There is discussion as to how the process works and the progress of the process. Mr. Trent asks if the process is closed to owners and is told that yes, the process is closed. All owners were notified of this and the opportunity to make a decision. Owners, many months after the stop date have called and wanted to get rid of their units. We are not allowing take back of units. The bleeding has to stop. Discussion includes the burden of the unit and inability to sell. Discussion includes the bad practices of timeshare companies that tell you they will sell your unit and payments made to these companies only to find that an owner sends thousands of dollars to a company like this to ultimately find that they are still in fact the owner of their unit because the company that took their money did not record a new deed. Mr. Trent states this is a subject that needs resolve-we must figure out a way to help our owners rid themselves of their unwanted units. Patton Hospitality will be speaking later and will include some information on this subject. Mr. Wuelper speaks letting the room know that we are following the advice of the attorney to stop taking back units in the best interest of the association.

We have 19 accounts "in Legal". The dollar value in lost revenue: \$69,328.23, th

S is monies our paying owners have to absorb. These units are ready for Sheriff Sale, we have judgements. Sheriffs Sales are very expensive and we judiciously spend our revenue in a prioritized manner. Some of these Legal Units can be rented, and we do rent them. Some cannot. Mr. Krasner points out that a Sheriff's Sale is an act of insanity. The judgements allow CR to go after any asset the owner has. Jim Wiggin lets Mr. Krasner know he would love to talk to him on this point. Conclusion: Eventually every delinquent owner will pay, eventually.

Collection of Maint. Fees and Cap. Reserve: As of October 27, 2016, a total of 122 accounts have outstanding balances. The balances range from \$.50 to \$1,084.00. There are 43 Large units and 79 Small units that make up these owed balances. Patton Hospitality will be speaking later on this, as they offer collection services. We have blocked usage for owners that have not paid, we have also blocked points owners and exchanges from happening if owners are not paid in full.

Septic System update: All deficient pumps have been replaced. All old wiring for these pumps has been replaced. The deficient pumps were wired incorrectly at installation-as the pumps were rated for 100 amps (5 pumps) capacity but were actually being supplied 240 amps, thereby causing burn out of the pumps. Mr. Champagne comments that these pumps were installed in 2007, did we go back to the company that installed them? No-the company no longer does work for CR.

The plan to switch to sewer? Discussion is held. Currently there is no active plan to run town sewer to Crown Ridge, although there are rumors that this could happen in the future.

VOTE: A motion is made that the BOD petition the Town of North Conway to put Crown Ridge Resort on their list for consideration when they are planning sewer improvements. There is a 2nd, and the audio is inaudible. The BOD will petition the Town of North Conway to be added to the list of Sewer Hook Up.

Mr. Douglas wants to know where we stand in Septic Tank Replacement. The BOD has no plan to move this project further at this time. It remains on a " To Do" List. The cost to add additional tanks is approx.. \$7,500 per tank. Mrs. Lamers announces that the Town of North Conway did vote to run sewer throughout the town and it would make sense to add our names to this list. She also suggests that we v=build up our reserves so in 10 to 15 Years when they do get to hookups we are already on the list and ready for the financial burden this will impose on the resort. Mrs. Frisella asks Mrs. Lamers to motion to have CR BOD petition the town to be placed on the list. Mrs. Lamers motions, Mrs. Frisella 2nds and a vote takes place. The motion passes with a 14yay-0 nay vote.

Manager's Report:

Jannette Frost asks everyone to review the budget sheet enclosed in the meeting packet. The approved budget for 2016 was \$646,400. At the end of October 2016, we have expended 72.68% of that budget. We have November and December to go. We are running under budget by about 12%. Our Financials are also available to view.

Capital Reserve: Mr. Bilodeau asks everyone to view the 6 pages for Capital Reserve. We should have collected \$171,000 in 2016. Our beginning balance should have been \$102,000 (2015). To date we have collected \$108,000 and have spent \$39,000. Capital Reserve, due to non-payment by owners, has consistently gone to operating for decades. The pool project in 2014 drained our reserves. The monies that have been spent on improvements are laid out on those 6 sheets.

Pool, Fireplaces, Roofs...says Jim Wiggin, we have to prioritize whatever improvements we make and owner and guest safety is first priority in that prioritization. We trudge forward doing the best we can with what we have.

Presentation: Jim Wiggin introduces Jon Mallows from Patton Hospitality Management. He states that talk of a management company has been on the table for a bit. The association attorney, Mr. Ducharme, highly recommended hiring a management company. Many-15 to be exact-were investigated. Patton Hospitality was the best possible choice from the pool.

Jon Mallows begins presentation with a bit of his history: lives in Tyngsboro, MA, is an owner of 2 weeks at Crown Ridge, studied Hotel & Restaurant Administration, joined RCI after college and ended up at PHM 3 years ago. He is a Regional manager with Patton. He tells the ownership that Crown Ridge is no different than any other resort. A lot of the problems we are having are the same as almost all resorts. When the BOD/Jim and Jon Mallows began talking, he provided a checklist of things to work on and had many discussions regarding the challenges to Crown Ridge of non paying owners, non performing unit/weeks, maintenance of the resort, etc. The fees are rising, the property is 30+ years old. Owners are aging out, becoming less interested due to a variety of reasons-economics, aging, physical ability, etc. When they lose interest and stop paying, rather than sell, the whole ownership suffers as it is the payers that absorb the cost of the non-payers. A lot has changed in the Timeshare industry. Rentals have become the way to recover lost dues. Rentals are critical to the resort. PHM offers solutions to the concerns of the BOD's and ownership.

PHM is an employee owned company so their employees have a vested interest in the success of PHM. New technology, management of bad debt accounts, consistent financial reporting, marketing, accounting, treasury services, HR services-all support PHM offers its clients. They begin with heavy training and providing tools for the employees to do a good job. They set expectations, provide support and recognition for the employees. Some believe that Management Companies come in wipe everything out and manage exactly the way they want to until the resort is broke. PHM does not operate that way. Our contract is designed to meet the exact needs of the resort we are serving. PHM operates within the budget set out by the resort, and we bring forward the resources we have to help your resort be successful.

Mr. Mallows continues by answering questions from owners.

Currently, effective November 1, 2016, PHM is in a consultation Agreement with Crown Ridge. The current cost of that contract is 15% of the operating budget. The 15% is set by the by laws/declaration of Crown Ridge. It is up to the ownership to vote to move forward at a rate of 10% of the approved budget. The consultation agreement is valid until the permanent management contract is signed and can be no longer than a 3 year contract. The only difference between the Consultation Agreement and Permanent Contract is that the employees of Crown Ridge remain employees of Crown Ridge in the Consultation Agreement. In the Permanent Contract, the employees become employees of PHM, where PHM can offer benefits and insurance at a better rate due to the size of PHM.

Questions are asked from the audience, and answered by Mr. Mallows.

There is great concern that some other timeshare company can come in and buy up our units and thereby become owners of Crown Ridge. The BOD steps in and explains that this could not happen due to the amount of units already owned by the association. Mr. mallows explains that the BOD maintains complete oversight over PHM and that PHM has little discretionary power. Joe Manozzi asks for the confidence of the ownership and explains this is our best hope to continue as Crown Ridge Resort. Mr. Mallows informs ownership that financial statements, collections info, balance sheet, operational reports, etc would be provided monthly and provide full disclosure. PHM has to operate within the agreement and budget. Annual audited statements would be provided. There is no guarantee of performance, but the contract allows for either party to exit with a 60 day cure clause.

The benefits that PHM can offer our employees are unaffordable to Crown Ridge. They will not provide a Manager, but will help to find a qualified Manager. The first actions taken by PHM would be the stabilization of the resort, get owners paying, getting empty units/weeks filled with rentals, capture new lease owners, get the revenue rolling in-as the product (the resort) must be in the right place before selling of unit/weeks can happen.

PHM believes we can triple the rentals number, thereby the cost of the contract/fees to PHM can be covered.

Questions from the ownership are taken and vary—concern for employees, marketing, pets, takeover, etc. And the presentation concludes.

A motion to enter permanent agreement with PHM is requested.

An owner motions (name inaudible) to allow board to enter into permanent agreement with Patton Hospitality at the cost of 10% of our operating budget.

The BOD asks if we can stop on that note for a break and pick up right there upon conclusion of break. Break called at 2:05 pm until 2:20 pm.

Return to meeting at 2;20 pm.

MOTION: Mrs. Lamers motions, and Mrs. Ring seconds that we allow the BOD to enter into contract with PHM at a cost of 10% of the approved operating budget, contingent upon the successful review of the contract with an attorney chosen by the BOD and that all noted issues are successfully addressed and all provisions are as they should be.

It is at this time that Mr. Douglas speaks and announces that the BOD is breaking NH law regarding composition of the BOD-stating that family members may not be on the same board. He also brings up that ownership needs to be notified no less than 30 days prior to meetings of board. He states that this information about the PHM contract should have been given to the ownership prior to the meeting.

Mr. Wuelper: Bob Douglas has presented a topic of discussion that is not relevant to the motion presented. Jannette Frost states that the law he is referring to has a specific statement on the composition of a board that pertains to charitable organizations, and CR is not a charitable organization. Another owner speaks the same-the law is for charitable organizations.

VOTE: John Branscombe calls for a vote on the motion listed above regarding PHM. Vote results: 13 yays, 1 nay. The motion to enter into permanent contract at cost of 10% with PHM, only after attorney review and all issues addressed passes,

Operating Budget:

Jannette Frost asks all to turn to the budget page in the meeting booklet. The proposed budget of \$810,030 does not include the 10% management fee. Total operations cost will be \$872,340 for 2017 including the contract. Must remember to subtract the estimated income of \$45,600.

VOTE: Mrs. Raadmae motions to accept the budget, Mr. Archibald 2nds. Vote: 12 yays, 1 nay and 1 abstention. The motion passes

Maintenance Fees: Dan Bilodeau presents.

Units 1-6, large units, Maint. Fee (\$962) and Cap Reserve (\$157) total: \$1,119.00
Units 7-20, small units, Maint. Fee (\$745) and Cap Reserve (\$121) total: \$866.00

This is an increase of \$37 per large unit and \$27 per small unit.

Payment plans will still be offered. BOD will revisit incentives to pay in the future.

VOTE: Motion to accept Maint. Fee structure made by K. Wuelper. 2nd by Mr. Kulokowski. Vote: 13 yay, 1 nay Motion to accept MF structure for 2017 passes.

Election of Board of Directors & Reserve Board Members:

Kurt Wuelper announces that existing BOD and Reserve Board members would like to stand for re-election. Nominations are requested. There are no nominees.

A single unanimous ballot to re-elect the existing BOD and Reserve members is suggested. Mr. Douglas states openly that the current BOD could be violating the law on board composition. A discussion follows. An owner states they are confident we are acting lawfully. Asks for an attorney to review. Mr Wuelper states the BOD and Reserve members must be voted on today. After significant discussion on the NH RSA 292, and HB 356, and several owners stating that they believe the board has acted in the best interest of CR, the formation of a new motion was in order.

VOTE: Mr Wuelper motions for vote to re-elect the current BOD with the contingency that the review of the composition of the BOD be reviewed by the attorney. If it is found that the board is in violation, one or more of the board members (family members) must resign and an immediate election of a reserve BOD to the board must take place.

The motion is 2nd, by Mr. Kustron. Vote: 13 yays, 0 nays, and 1 abstention.

The motion passes. The current BOD is re-elected.

VOTE: Mr. Wuelper announces that we are accepting nominations for the Reserve BOD. Mr. Wuelper, Mr. Archibald, And Mr. Ring wish to continue as Reserve members. Since there are no nominations coming forth, Dan Bilodeau motions to re-eelect the Reserve Members as it stands. 2nd by Jannette Frost. Vote: 13 yays, 1 abstention. Motion passes, Reserve members are re-elected.

Goals:

John Branscombe suggests no discussion is needed. Our goals will remain the same, and as we move along, we will set new goals.

Additional questions regarding entry into units before 4 pm check in times and allowing pets are discussed. In terms of allowing our owners early entry to their unit, we will try harder, but it is noted that is completely dependent upon the state of the unit whether housekeeping and maintenance are done with them, and it is also explained that we have a 6 hour window to accomplish housekeeping and maintenance issues for 6 to 7 check outs, some times more, each day during the weekend.

Adjournment:

VOTE: Motion is made by Mr. Archibald to adjourn and is 2nd, by Mr. Wolfe. A drawing of prizes is held (prizes given by PHM) Vote is then held . 14 yays. The meeting is adjourned at 3:40 pm.