

Annual Owners Meeting
April 8th, 2017
1pm

Richard Glomski: I think we will bring the meeting to order here. I'd like to call the meeting to order of the Fox Hills Owners Association. The time being is one o'clock and it's April 8th, 2017 and we do have a quorum. So everything all should be in order. I'm Richard Glomski, your President, and I would like to ask all the people that didn't vote to get the votes in. We'll give you about 10 minutes. If you didn't vote, you can still get the votes voted and then we'll start counting the votes. I'd like to present next to me here we've got Richard Isely who is our Vice-President, Amy MacMillin which is a Board Member. On this side we have Joe Jacobson. He's the head of the Management Team, Chuck Stockman is our General Manager of the resort but also assists Joe in the Management Team of the condos, Ann Bonneville our Treasurer, and Vicky Anderson our Secretary. Vicky does a lot of the work with the condos and I'm sure most of you have talked to her in the past.

There are a few things that we've done that are new ...Oh I should first thank everybody from Fox Hills and their staff for the party that was put on last night. Did a terrific job and I'd like to also put special thanks to the Board here and the management team. They've all done an excellent job I think in the past year and beyond. We do our best to try to satisfy everybody that we can and try to get you the best value that's out there for our condos. We had another year with no dues increase so that should make everybody somewhat happy.

Crowd: Clapping and cheers

We are one of the lowest dues paying organizations in the business...There are a few that may be less but not very many. So that's only because we've got people really working hard to take care of our needs here. We're trying to keep the building up to the best of our ability. With things looking really fairly well. There are always things to do and Joe will update you a little more later on that.

Unfortunately, we dropped to Silver Crown this year. Which isWe missed the target. We think we've got some of those problems solved. Joe will elaborate on that a little bit later. We feel we can bring it back up again. We need you people to report good reports for us on the cards. Rate us fives because I think we deserve it. If we fall short in your particular unit for some reason or other....Please let us know ahead of time. We'll certainly try to make it right and we don't want to be cut any slack if there is something wrong. We want to know about it. If we do this procedure and we try to satisfy the incoming people, I think we can bring our rating back there again or for sure hold the Silver Crown. I mean you can slip below the Silver Crown too. So we don't want to do that for sure.

Many of you probably already know we purchased the house that was kind of a little bit out of its zone you might say. So we have purchased it. We're going to use it for office space very soon. As soon as we can get everything together and this will be a money saving thing in the long run for us. We eventually will probably put the check-in in there and may be some of the activities can be run out of there. But for the time being it's going to be set up basically for office...I think that pretty much is what I've got to tell you right now. I think I'd like to bring up Joe for the Financial Report.

Joe Jacobson: Thanks Richard. Well we'll get into the Financial Report but the first thing I want to say about that is that your financials are in such good shape that two years ago when the Board said can we spend a hundred and fifty thousand dollars to put the new asphalt that we put in all the way around

there....it could be done. And this year when they came and said that house is for sale again and we had to go to the village and make sure that you know a weld shop or something didn't go in there. They worked with the village, but the people who bought it could only get a conditional use permit. But the door was open that that could be a business and if you go and look there, it is close to unit number 6. We didn't know it'd be there. So the Board decided that perhaps it would be best to purchase it. Move the offices there and as Richard said you now pay \$14,400 a year rent to the Resort for offices and activities space...So once that house is finished in a little over 7 years in saved rent the house will be free and clear. We didn't borrow any money by the way that's where I started. We are in such good financial shape when the board said can we make this happen this year? We didn't know it was going to come onto the market. We know it's not in the budget. We were able to make it happen. You got to be in pretty good financial shape to come up with one hundred thousand dollars when someone asks you to out of your budget. So we can go to the Budget and the Financial which is on page 3. And there are some notes on the page I think I'll just go note by note.

Number 1 is Dues Revenue. The 2016 Actual column represents the amount billed in November of the previous year. The Budget column represents the amount expected to be collected during the year. I think I say this every year. The IRS requires all businesses to do it as an Accrual Basis. I'm not an accountant and if you're not an accountant you probably won't understand that. It may be a lot easier to deal with cash and for our Board Members...So the Accounting line is the first line to the left where it says 2016 Actual Accrual Basis because for the IRS we need to do an Accrual Basis which basically just means that everything that's billed gets put up there as income. Then later on what you don't receive you adjust for in bad debts or un-collections or something. So...but when we work through our financials we just like you do at home, we look at the actual cash because you can't spend what you don't have. So there's the difference in those lines.

2) Interest income - this is the interest we receive from those owners that decide to pay their dues over 6 months with an automatic ACH which is an automatic transfer from their account. This will vary from year to year depending upon the number of participants for this program.

3) Next are the late fees...Late fees are being recorded as revenue only when they are paid. So we don't really budget for that or expect to collect them until we do. Again we deal with actual cash.

4) Return fees, these are fees from owners that took advantage of our offer to let them give back their units for a fee. Last year you may remember those of you here... a lot of you get calls from people they say if you give us \$4,000 we'll take your unit...\$2,500 we'll take your unit. We said, well if other people are doing that you know the Board decided why wouldn't we and the Board decided to go with the lower fee. So some owners have taken advantage of that.

5) Wages, Wages are up. Due more to doing tasks in-house (it use to be outsourced) and due to external pressure on wage scales to hire and retain staff.

You will see the renovations is about the same as it had been, more when we get to that line but there's a hundred thousand dollar house in there. So that means renovations expense is quite a bit less than other years. Because we do some of the stuff that use to go to outside contractors, that's being done in-house. We've been trying to do more. It's much cheaper if we can do it in-house. Like all of the painting you have seen on the outside of the buildings the last two years. This has all been done by maintenance staff. We bring in some people specifically to do that over the summer on staff.

6) Room supplies - includes the purchase of a commercial vacuum for each building and some other upgrades to guest amenities. Saves us some labor, they don't need to haul them around and saves wear and tear on the vacuums. They are thrown in and out of vans and so forth. Also, if somebody is in there on a Wednesday or one of you call and something needs to be taken care of, it is just much easier thing for our housekeepers.

Small kitchen wares - the budget for small kitchen wares was not reduced. As in this area we will continue to upgrade. That's an area last year that we didn't spend as much as we would like. Nobody told the staff not to but....they just didn't spend as much on kitchen wears so we are planning to spend as much as we normally did. That would be your pots and pans, small appliances, utensils in the kitchen.

The professional fees the Jacobson's Group that is all of our accounts payable, billings, all of our payroll work and our general accounting. Nash Spindler is the Association's Attorney. That is a percentage of what they collect in back dues and if we have to foreclose on a unit and get it back for back dues or have to deal with a title issue, due to a whatever....so that goes up and down depending upon the amount of work the Association gives them.

Question asked to Anne Bonneville/Vicky Anderson: What is the Industry Services?

Joe Jacobson : So Industry Service was the....

Joe asked for clarification: That have been the permit?

Joe Jacobson: That would have been the permit for that State of Wisconsin for the floor down there (in the Rec Center) when we had that floor engineered. The new rubber floor. And I'm not sure what exactly the Environmental Initiatives is but it's \$495 but that's what breaks up the Professional Fees.

Talking from Board – Amy

Joe Jacobson: Oh, that was to get an Environmental Inspection on the house because we didn't buy it until we made sure it was inspected and checked out for mold and those other issues that you get them checked for today. So that's what is in professional fees.

Cable you'll see the cable bill is down. There were changes to the WIFI hardware set up and that allowed for the removal of extra modems in the buildings and we increased the WIFI coverage and could still drop the price.

Renovations and Maintenance: This includes both regular maintenance items and the capital budget items and it also includes a hundred thousand dollars for the purchase of the house.

Activities: the Activities budget has been left as it is to provide more activities for owners during their stay. I'll get into this in a little bit but we had a big problem staffing wise for both activities and housekeeping last year with the economy and the difficulty in finding staff. So we plan to use it even though we didn't spend that money last year. We do intend to do more activities this year and spend it.

Bad Debts: is not a final number until outside accountants have finished their work. We do not budget for it. We don't budget for it because we don't know what they'll be. So once the accountants, our accountants, get done and then it goes to an outside firm to check them. They will come up with what that will be.

And depreciation is the same thing...it's not a final amount until the outside accountants inspect and sign off.

Capital budget - our capital budget included the house purchase, 3 buildings with new kitchen cabinets, 3 buildings with new patio doors and windows, 6 buildings with exterior paint and a new ice machine for down at the Rec Center. That gets us to 9 buildings with all new doors and windows and I think that next year we will finish. Not this season we are in but over the next winter. We will finish all the kitchen cabinets. I believe there's 4 buildings left to do. We are doing one yet this spring. Building number 7 is getting doors and windows and kitchen cabinets starting on Monday. We waited unit after the owners meeting, in case we needed the capacity. We didn't want to take a building off market, because it takes 3 to 4 weeks by the time they start to change all the doors and windows and cabinets. So that's what is in the budget and in the financial. If you go and look at that, you will see those corresponding numbers go up and down with the notes.

And the bottom line is that we put \$10,000 away in a reserve fund and we are going to try to do that each and every year. We don't want to put a million dollars in there, but we'd like to have a rainy day fund so that at some point, if we really needed something, we didn't need to raise dues for a one time deal or do a special assessment. So the Board has started to put some money away.

We had a positive operating income. We are projecting another one for next year and so I think financially things are good. I mean we use to have, some of you have been coming for a long time, (longer than I have) and we didn't use to have such rosy conversations. So I think that's all running well. We'll take specific questions on anything during the question and answer.

Facilities Management: We just did the P&L. Most of that was in there. But I talked a little bit about staffing. The main reason I believe and the Board believes, we didn't get Gold Crown last year was we always use to make it in every category but unit quality. In unit quality we knew the place was old. So we all embarked on this 4 years ago to renovate. Well now our unit quality scores aren't the problem. For the first time ever last year, we did not make it in housekeeping and unit maintenance, which are kind of one in the same. They kind of get blurred. And we believe a lot of it had to do with the fact that we just couldn't find housekeepers. We raise the wages. You talk to anybody anywhere, people can't find help and we were short staffed which means, we don't do as good of a job. We tried some other initiatives that we thought would maybe help that. Some of them did, but some of them made it worse. Chuck Stockman, our new General Manager, and our HR Director over this winter have come up with some pretty creative solutions. They've gone out to look for seasonal people that maybe work in Florida in the winter or Arizona and want to come somewhere else in the summer. They went to the universities and tech schools to look for interns and besides our normal summer help we have at this point, 14 confirmed people coming in who are either interns from a college program, in the area of hospitality so they have some education there and an interest in that area, or many of them are seasonal professionals who work in the industry. But we feel that that's going to allow us to solve this problem because to me it's totally unacceptable that all of you helped us through this situation and we got our scores up in the unit quality area which has always killed us and now we were below in another area. So I don't have an excuse for it. Anybody wants to talk a bit after the meeting, you can start right here because it was on my dime. You know it is something we need to get fixed.

That said, we're still Silver Crown. Mr. Shane how many resorts, what percentage of resorts are Silver Crown?

Shane Flannigan: we have about 46% overall of resorts that are achieving either Gold Crown, Silver Crown, or Hospitality. I don't have a specific percentage on Silver Crown. However, I can get back to you.

Joe Jacobson: And do you have any idea how many made Gold Crown? I know they used to tell us it was only 5 or 6 or 7 percent or something like that. I don't know if that's changed.

Shane Flannigan: It's; I think it may be between 8 & 10 percent.

Joe Jacobson: Okay. But it's a pretty exclusive club we were in; but we want to stay in that exclusive club. I'm not in many exclusive clubs, so it's nice to be in one. I'd like to stay there. Shane is our RCI Rep by the way. That's why I was asking him the question up front. He'll be doing a presentation later.

Joe Jacobson: Let's see Facilities. Monday morning...

Joe in the background: "It's Monday, right?"

Joe Jacobson: Monday morning we are going to start ripping out this carpeting. All the carpet in that hall. So it's the last time you see this. There is all new carpet coming in here and in the hallways out there. That's not on the Association's dime. Obviously that's on the Resort side, but I just thought it would be nice to know that. The parking lots are going to get sealed and lined this year - this summer. We had to wait till it warmed up and the frost was out. But that will be happening probably before most of you come back. So that's some exciting things. None of that again is on the Association's dime. Your road was done on your dime last year over there.

(Talking in the background)

Joe Jacobson: Okay. So Resort Affiliations is... We don't have very many II members. We joined II probably 6 years ago because we had a Board Member who was in II and...So we don't get every many trades in for II. We don't have very many II members, so I don't really have much to report on that. RCI - we do have our RCI Rep here for the first time in a few years. He's going to do a presentation later. He can talk about RCI much better than I. As part of that I normally do the scores, but Richard led into that, the fact that we didn't get Gold Crown and I just went on much more. So, I don't really have much more on RCI and II. Shane is going to have a lot of statistics for us about where you trade and how you trade and different things and, um, we might even have a giveaway or two for some of us later.

(Talking in the background)

Joe Jacobson: Okay.

Richard Glomski: I think Joe does a wonderful job for us and we should all kind of appreciate it because he's a very good thinker. I mean we've achieved everything we have got out there probably because of them and the Management Team. The Board is ... we do a lot of the directing, but they come up with the ideas and different ways that we can do it. The Board also puts their two cents in, but they do all the research and all that sort of thing. So I think he enjoys it and we should give him our appreciation.

(Applause from crowd)

Now I'd like to bring up, Richard Isley here. He's going to talk to you about our program on re-sales.

Joe Jacobson: I sat down and looked at my own notes and I didn't read all my own notes. When we went to buy this house and look at this...None of us are experts in the field of real estate, but it so happens we have a Board Member down here that is. Her, it's what she does for a living, Amy MacMillon. And so she excused herself from all votes on it because of her position as a realtor. But she did handle the

whole situation for us. Made sure everything was done well for the Association and took care of that for us and that was very nice of her to do. She's been a Board Member; I think it's her second stint on the Board now. Yes, and in between her husband Doug was a Board Member, so I just wanted to thank her for providing those professional services to us and making sure that you are all well taken care of.
(Applause from crowd)

Richard Isley: Thank you. I want to talk a little bit about our buyback program. This is something we initiated; this is going to be our 3rd year. The Home Owners Association has a number of what we call distressed units that have come back to the ownership of the Association which is you folks out there. Most of these have come from court cases where we've all seen the advertisement "You wanna get out of your Timeshare?" Well a lot of these are scams and what happens is they get a pool of these and so the court systems eventually give them back to us. And what we're doing with these is we are offering them back to our owners, families and friends at a special discount price. With this we're also including a 5 year buyback guarantee; so that if, after 5 years, you decided you no longer want it, the Home Owners Association will buy it back for whatever you paid for it, minus some small fees for filing fees. So what this does is to gives you the ability to get an extra vacation time at a very reasonable price. So if you're in a position where perhaps your work demand or your working less hours and you need extra vacation time, you can pick up one of these buyback weeks and travel for 5 years and your only responsibility other than the fee, is paying the maintenance fees on it. Or if you're in a situation where you need more than one week or more space because now you're traveling with your immediate family, your sons and daughters and the grand kids come along, your weeks that you have may not be enough. So now you're looking at the ability to book two, three rooms at the exact same resort. The other thing that's a huge value, if you are in weeks yet and you're thinking about getting into points (which will give you a the ability to expand your vacation inventory that is out there), you can buy one of these distressed weeks and it includes converting into points if you wish. And once your converted into points, you can then take your other units that you own and roll then into weeks, (Board member: points) excuse me, into points. (Chuckling) Which is a great benefit to yourself because whether you traveling you know if you're going for 7 days that's fine; but if you want to stay 10 days, you're able to do that with points plus the extra inventory it opens it up for you. And we also voted today, as a special, we are going to offer a two for one bargain to anyone who purchases one of these distressed weeks between now and June 1st will be a two for one. So basically you're getting two weeks for the price of one. (talking on stage) If you want, you don't have to but it is available to you. So if you have any questions, you can talk to any of us after the meeting or as we always like to say, "Call Vicky."
(Laughter from the crowd)

Richard Glomski: We've got another very interesting point that eventually is gonna really help this Association if it all pans out well...and there are some other avenues involved with that but I'll get Joe back up here to explain our other endeavor that we've worked on or they've basically worked on.

Joe Jacobson: Yeah, on the bottom of the Financial Report which I missed, is Global Properties. It's on the front page. It's under Financial Report that bullet point that you see dues, P&L, Facilities and Management, purchase of house, and then Global Properties. And you may not know what Global Properties is. We mentioned it last year. Global Properties is a company out in California that I stumbled on in one of the trade publications a few years ago and they sell Timeshare points, but they don't necessarily sell Timeshare like you bought it. The people they sell to don't buy a week or a deed. They just simply buy a block of points and they have a set fee for that and this has been a very good business model for them. But in order for them to have RCI points to sell, they have to have inventory to bank similar to how you bank your weeks, whether you're a week's owner or a point's owner. So we got in

contact with them. Not so much for the Association, but most of you've heard the past we had roughly 700 and some weeks that had never been sold or probably we got them back on foreclosure, people never finished paying for them. I'm not talking about the Association now I'm talking about the original developer selling these.

And ever since the no call list, you know you remember, the old days when you got a call to come and look at a timeshare and you probably filled out a slip somewhere and that's how you got on a Timeshare tour. It's been very, very difficult for small operations to cost effectively market their product. Like very difficult is an understatement. It was almost impossible. And you remember we tried a couple different resale companies that we brought in to try to help us get rid of that time. Perhaps get rid of some of your time that you wanted to. None of it worked very well. So my brother Jake and I approached Global Properties and said, "How does this all work? Explain it to us." And we did some research on them and we found out that they are a viable company and we said, "Well good! We've got like 700 weeks that we'd like to sell you." And they smiled at us and they said, "Well, we'll take your 700 weeks, but that isn't how it works. We don't pay for them." Well, we said "Then, tell us how it does work." They said, "Well, we normally deal with Associations like yours here and when they get weeks back in onesies, twosies, or tensies. We take them from them and then we pay them dues, so they know they have the dues payer and that's what normally the Association wants. They want people paying the dues. We pay the dues and we bank those weeks with RCI and that's how that works. So we don't pay for weeks." So we went back to the drawing board and said okay we have somebody who wants the weeks. Now remember these weeks have been sitting there for all those years generating nothing for the Association. Because the way, long before we were involved, it was originally set up is if they were unsold, they didn't pay dues. And so we sat down with your Board and ourselveswe thought," How can we make this work for everybody?" 700 weeks that aren't getting any dues revenue is a lot of money. It's what, quarter of a million dollars a year, roughly? and we said how do we make this happen. So we talked to the Board and we had to talk to our bank because remember we have a mortgage on this place and that's a mortgaged asset. So we had to talk to our bank if we wanted to get rid of them because we thought Global would pay us and then we would work that out with the bank. So when we all worked it out what we came up with is that Global would take the weeks. We would give them the weeks. Our bank was okay with that as long as we committed that we would pay a percentage of the maintenance fees that came from Global. The Board was okay with that because they were getting nothing for these weeks before. Now part of it goes to satisfy the bank, we're not getting anything, just the bank. But we couldn't sell them anyway. So or we have no luck selling them. We're having trouble selling weeks as the Board, that's why we are offering a two for one when you get your money back in 5 years.

So now the Board has extra maintenance fees coming in. In a few years they'll have all of this money per year coming in. There is no risk to the Association at all because if for some reason Global doesn't pay it's our weeks we gave away and we will have to go and recover that inventory on our dime. That's between us and our bank. They've already made their first dues payment so the Association is already money ahead this year. And Global, its early days they banked the inventory that they purchased, or didn't purchase, the inventory they got from us. I have a hard time not saying purchased because I'm not use to giving things away. But they have banked those weeks with RCI. They seem to think it's working okay. We are evaluating now what that's doing to all of our numbers as far as how it's impacting all of you and your exchanges and who comes into Fox Hills. They don't have any flexibility. They're banking only their individual weeks that are deeded to them. So it doesn't, in fact, impact you in the way they can move around so we can put that on our calendar. We know exactly what they have. What we've asked them and they didn't really answer us before this meeting, we said when would be

the next time you would be interested in taking some of our inventory? And their business plan, their negotiating or they have different Associations that they've worked with in the past and you know they don't take more inventory than they feel that they can sell points for in a year because then they are bound to pay the maintenance fees. But we're talking to them about, is there an opportunity in the future which they told us there is but they haven't told us when and how many weeks they'd be interested in. Where we could do another bundle to them - not of my weeks because I don't have much anymore, there are still some I can foreclose on, but the Association has some weeks and there are some weeks out there that we could get back that are trapped in some of these LLCs and things. And even perhaps for some, there may be an opportunity and I say MAY because we're still working on this, this just all happened last fall. We're in the early days, where some of you may be able to do something with your weeks, people that wanted to get out. So if you have an interest and some of you have said that in the past you'd like to get rid of your weeks and we do have a resale list. The resale list doesn't change much because we haven't sold a lot of weeks. Unfortunately, even with this buyback program we've offered and everything. We had quite a lengthy discussion with Mr. Flannigan from RCI in our board meeting so this is an industry wide problem, quite honestly. That's why we took that step of saying we'd give you... the Board would give you, your money back after 5 years. But this is different ...there are other people out there like Global, we've checked with RCI and other people in the industry and this company has been around for a long time....There's other companies like them. So that might be a way to resolve some of this excess inventory as well.

I was hoping to have an answer from them by today. We reached out via email again on Thursday and they said they just don't know how many more weeks. They'll want some at some point and time but not exactly sure when.

How this worked basically, if we can get this done again, which I do believe we will be able to, they take a mixture of weeks to get to the proper balance that they need to bank with RCI and to get to their breakeven point of what they are paying. For instance, we can't give them all the worst weeks in the year because they take the maintenance fee and they divide it by the number of points that the week has and they have to get to a certain average points, cents per point to make their business model work to make them be profitable. So if we can do this again, there may be some combination available of Association owned weeks, weeks that we've foreclosed on and weeks perhaps that some of you want to get rid of...that no longer want and we'd have to bundle them. We'd have to go through Vicky probably and the Association because we'd have to give them the proper mix they wanted. Then they do the title work, they do the transfer fee, and that sort of thing. So we will keep you up-to-date. We won't wait until next year. As soon as there is any developments on that, it will be out in the Fox Tales and on the Association's part of the website for those of you who have an interest. But we will keep you updated. I'd hoped to have a more definite report for this meeting but it's just too early in this whole situation. So that's all I have on that, I'm gonna be here afterwards at length if you have any more questions on that.

Richard Glomski: Thanks Joe. Also like to remind you people that if you're interested in that, you want to get rid of your weeks and your thinking about paying somebody to do it...rather than paying another firm out there which, they're all over the place...Some of them are very bad and you're likely to lose all your money and probably not get the results that you really want. There are some out there that are okay. But if you do go away from us, please do your homework because you can really get burnt. Our program here if you want something to happen quick, we do offer a buyback. You can pay us \$2,500 and we will take that week off your hands.

Man in the crowd not on microphone: In audible

Richard Glomski: You pay us. I mean that's because we cannot use your money and all the money in our organization belongs to all you people. I mean, that's where the money comes from so you know some people say well you're offering a buyback program in your program, why can't you give us the same option because we aren't getting extra money from anyone else. With this buyback program that we have instituted to try to sell these particular weeks are not earning us any money. It's costing each one of you a little extra dues because we're not getting that maintenance fee in. And by getting that maintenance fee paid on these weeks we get some of that money back and that is one of the things that helps us keep the maintenance fees down there. With this program, like Joe's talking about, if we can do it at a lower cost for you maybe down the road it will be close to zero. But initially, no matter what we do, you won't be getting money for your weeks from the Association. It just can't happen. Not unless we were really, really fortunate to get a wind fall of some sort. (chuckle) But um we're working on every avenue we possibly can. We know that there are a lot of people out here that no longer can keep their weeks or it's really difficult because they are aging or sick or whatever. I mean when we all bought we were young and in the prime of our life and ready to have a good time. And may be some of that good time stuff is not quite as prevalent anymore. But we'll try to do what we can and if there's any option that we come up with to make things better for the members of our Association, we will definitely do that. But I know there are a lot of people that have questions on these programs that we have here and it's probably unique that we are even addressing some of this because I think a lot of Associations they don't even look at this. I mean they don't get into the business of it. Either they farm it out to some other group and a resale program or something like that. So we are trying to do some of this stuff in house and again to save you some money. The next thing up is Shane Flannigan and he's our RCI Rep or is an RCI Rep. He's gonna explain and he's got a presentation for us. There's some things that is not his expertise and we will be having a Skype program later on. He'll explain some of that to you, but he'll answer whatever questions he's savvy on and those that he's not he'll tell ya he'll get the answer for you. So a couple minutes when he's ready he'll start the presentation.

On these buyback programs if I didn't explain it right or if any of us didn't or if it gets confusing you can corner us after while and get some more information from us if you need to. I know it's kind of a weird situation so if you got any more questions, please feel free to talk to us.
You ready?

(In audible talking) Microphone was not working.

RCI Presentation [large screen with presentation slides being shown]

Shane Flannigan (RCI Rep): Hi everybody! My name is Shane Flannigan. I am an Account Executive from RCI. I flew up here from Florida yesterday and eventually got to Milwaukee at one o'clock in the morning last night after spending an extra seven hours in the lovely airport in Atlanta, Georgia. So apparently a storm on Wednesday equals a 7 hour delay on Friday. I'm not sure how that works but if you're Delta Airlines that's how it goes.

So I have a number of things that I wanted to talk to you about today, but did want to also mention something related to something that was brought up a moment ago. And that's about this program and this is unsolicited...I hope you guys don't mind me chiming in on this. Ah, the program where they allow you to give your week back, I think you said for \$500, you know (in audible from Board Members) \$2,500, I'm sorry. You know there are I'm sure many of you are getting calls probably on a regular basis from companies out there that are saying that they will take your timeshare off your hands. You don't have to worry about it. They either have a buyer or whatever the case is and generally they want you to

pay the some money up front. I don't know of any situations where that is not a scam. And so ultimately what happens is number one, you might get that deed transferred out of your name, but in many cases you won't. It will still be in your name even though you have paid them some money and they had promised to do that. Number two, if they do transfer it out of your name, they're probably transferring it into the name of a none existent person or an LLC of some sort which will disappear in 6 months. And that leaves the burden then of either foreclosing on those weeks or spending some kind of money to get it back on the Board. Which ultimately means that a responsibility back on you. So every time that you pay one of those companies to take that week and do whatever they say they're going to do with it ... Generally that's ultimately going to lead to more expenses for everybody else that is left at the end of the day. Because those are more maintenance fees that are not being paid, plus additional expenses that have to be put out to get those weeks actually back in the hands of the Board. So there are numerous ways in which that becomes harmful. And so I just kind of wanted to mention that. There are legitimate listing companies out there and things like that but generally these say pay me some money so I can help sell your week or take it off your hands....As far as I know pretty much all of those are bad news. So your much better off dealing with the organization that you know, you know who they are at the end of the day, here they all are sitting here. You know when you pay them to take your week you know where it goes, they've figured out some ways to try monetize those and really that is the best case scenario for everyone involved. I just wanted to throw in my 2 cents on that cause I see this a lot in the industry and it really is a big problem for a lot of resorts as well as a lot of owners.

So I'm gonna go ahead and jump in here. I've got a number of things that I wanted to talk to you today. I want to start off with just a few statistics here that might be interesting to you folks. You know we've been around now for over 40 years as the original exchange company founded back in 1974. And I wanted to start by, "Thank you all" for being involved with RCI. The resort has been affiliated with us for many years. First as an RCI weeks resort and eventually as an RCI Points Resort. And I'm sure that many of you are members of either weeks or points and I thank you all for your business, for your vacation and just for being involved in that for these many years. Without you, you know we wouldn't have gotten to a point where we have over 3.8 million members. And the great thing is that all of those members have the ability to travel to any one of our nearly 4,500 resorts in over a 100 countries around the world. Now that's pretty exciting to be able to travel all around the world just by virtue of the week you bought here in Wisconsin... may be back in the 1980's. That's a pretty interesting concept. We actually facilitate about 1.7 million exchanges annually. That breaks down to about 3,500 a day and 90% of all of our exchange requests are actually fulfilled on the same day that people start looking for their exchange or within 48 hours, 90%. So you know most everybody is getting that exchange that they are looking for pretty early on in the process. I did look up some of the numbers after you asked me about the Gold Crown and Silver Crown. Currently, as of this year, we actually have 25% of our resorts worldwide are Gold Crown and 14% are Silver Crown. So you know while that maybe makes it look like the club a little less exclusive. It also provides you more and more Gold and Silver Crown resorts to be able to exchange into and to vacation to. So that's really the exciting part of that.

I'm gonna talk a little bit about specific exchange information and statistics for your resort. I want...I did want to mention, as was mentioned earlier, briefly, what we're gonna do is later this afternoon at 3:00pm in a little room just down the hall here. We're gonna have the ability to speak with one of our customer care specialists in Indianapolis, who is well versed in member activity transactions and we can look up any information on your individual account. If you want to know how much trading power you have or how many points or you wanna book and exchange or start a vacation search, they can assist you with all of that. When it comes to those individual member/membership questions, that's really the venue for that. If we start getting into individual member questions and stuff in this forum we could be

here all day and night and I won't have a lot of the answers, anyway. If you have any individual things, meet me down the hall later.

So here's what's going on from the owners of Fox Hills when they are using RCI. We actually facilitated 1641 exchanges in 2016. Just from the owners here at Fox Hills and that is quite a few. I think you'd all agree. Any of you exchange last year through RCI? Yeah, yeah, throughout the room lots of folks. Great! Glad you guys are getting some use out of that membership. Hopefully you're getting to see some exciting places that you haven't been before.

So one thing that I have here is weeks supply by deposit lead time and you may wonder why the heck I have a statistic like that up on the board. The reason is the timing in which you deposit your week. When you're planning to exchange in the future ultimately has some determination on the amount of trading power that you achieve for that week. So I wanted to mention here that when we look at this number we have 36% of folks that deposited their weeks 9 months or more in advance. Which means they obtained 100% of the possible trading power for the week being deposited, 36%. The rest got something less than what they could have for the week they deposited. So just be mindful of, if you're planning to deposit you know and exchange next year or two years down the road, you know deposit early. Nine months or more in advance is always gonna get you the best and that gives you the widest opportunity to then facilitate the exchange that you're looking for when it comes time to go on vacation.

The owners here, when they're going out and staying at other properties, we see that they're staying largely in two bedroom units, 42% of the time and about 20% of the time in one bedroom... 27%, there we have in other, a lot of those are related to point's exchanges. When point's members exchange into a week's resort, for whatever reason this report doesn't capture those unit types very clearly. So they just kind of lumped into the other category.

You know earlier it was mentioned that the Resort had been Gold Crown last year and I think the last 3 years and did fall to Silver Crown this year. I want to make sure that everyone understands how that works. It's not somebody like me sitting in an office in Orlando saying, "Well, I don't think that Fox Hills should be Gold Crown this year because of XYZ." These awards really come from the member experience. So I'm sure many of you just raised your hand that you exchanged last year. After each exchange you should receive an email that asks you to give us your feedback on the exchange vacation that you just had. And the folks coming here get the same thing and that is ultimately what determines the award level that the resort achieves. It's based on the feedback that we're getting from our members of the experience that they have at the resort in question.

So as mentioned the areas where it started to slip a little bit here that caused the fall out is unit maintenance and unit housekeeping. The great news is these guys up here are aware of it and the Board, the Management, they're aware of that. They are looking for ways to make improvements. They've already implemented some plans. I've brought up some things today that will definitely talk with them about, about ways to do things more cost effectively and make some improvements and things along those lines too. So you can see up here, some of the comments that folks are leaving, some of the ones where we see some people talking about things that they didn't think were that great in unit maintenance and unit housekeeping. Things like the pots and pans weren't that great. They already talked about that they have a budget for kitchen small wares, right. These folks would have liked to have a non-stick fry pan. The flower bed, you know they were talking a little bit about some of the landscaping there they thought it could may be give the place to give it a lift...a bit more curb appeal

perhaps. They didn't like the golf course. Then this other person thought it was great, so well maintained and everyone is helpful and friendly. They've been back and definitely plan to come again. So we kind of see the comments run the gamut, as we do in a lot of cases. Even at Gold Crown, I've got resorts that have been Gold Crown for 25 Years since Gold Crown has existed and they still get some bad comments. You know you can't please all the people all the time it turns out....As much as we all try.

So I mentioned the number of resorts that we have in our network and we do continue to add new affiliates all the time. And you see properties like these...you know I haven't been to any of these because I don't generally travel to Turkey or Mexico all that much or India or even California for that matter...but you can see these are beautiful properties that we are adding into the network. And we continually make an effort to go out there and talk to developers that are building resorts, existing partners that are building new projects or adding on phases to the resorts that have been with us a long time. And even seeking out some of those resorts that have been long time affiliates of our, some of our competitors, that for whatever reason are looking to do something a little different. And so we do continue in various avenues to add exciting new products to the exchange network all the time.

As mentioned earlier we do have 2 exchange platforms and you guys are lucky enough to have the option of participation in either of them. I'm going to start by talking a little bit about the RCI weeks. You know RCI Weeks is the largest exchange platform in the industry. And it's the first. That's the one that we rolled out in 1974 and after many years we started hearing some things from our members that we thought we should really take to heart and try to make some changes.

So one of the things we hear was that our members were kind of wanting to know like the trading power of their weeks. So I give up this week, I get a week, or sometimes I don't get a week but I really don't know why. There's not really any sort of mechanism that tells me why can I get this but I can't get that for example. They wanted an easier exchange process and more flexibility and choices. So we listened to these things and we took them to heart and back in 2010 we implemented a number of changes that really added some additional features and benefits as well as flexibility to the weeks exchange program.

So we started with transparency, you now as a week's member have the ability to see the deposit trading power of the week that you're putting into the system. As well as, the exchange trading power that's needed of the available exchange options that are out there. You get more value, not so much more value, but more value (chuckle) with something called Deposit Credits. So if you give a week into the system that gets a deposit trading power of let's say 20 and you exchange somewhere and it only needs an exchange trading power of 12 you get 8 Deposit Credits back in your account that you can use for additional exchanges in the future. A little bit more on that in a moment. We also added more flexibility because you can also combine multiple weeks that you have deposited to achieve a higher trading power to give yourself a larger universe of potential exchanges. As well as more choices because now you won't only see what's available based on the individual trading power of the deposit that you're working with, but you can see all the exchange options that are out there in case may be you want to do a combine for example.

So we get a lot of questions about trading power. How do you decide what my trading power is verses what that person's trading power is...and here it is...it's the house that trading power built is what I call this. We have 5 different categories here. The largest weighted category is the top. That roof section of the house. There's the demand, supply, and utilization of the resort in question and the week. Then we look at unit type and size, generally speaking a larger sized unit is gonna have a larger trading power

than a smaller size unit. The timing of the deposit which we talked a little bit about earlier - deposit 9 months or more for the best benefit. The comment card score of the resort in question and the season of the week. So this is, you know I talked about 9 months or more is key, right, to get 100% of the trading power. This tells you exactly what happens at different moments in time past or shorter than 9 months. What percentage of trading power you will be awarded based on how far in advance of the start date you're depositing that week.

So I talked a little bit about combining and deposit credits, I wanted to give you some real life examples. These are actual examples from Fox Hills Owners that have done exchanges within the last year. So on the top section here we have an example of a combine situation. So we had this member that had a week 52 that they deposited that had a trading power of 18 and they also had a deposit credit left over from a previous exchange of 12; so they combine those together to get a trading power of 30 which then made it available for them to go skiing in Big Sky, Montana. And get into that unit that had an exchange trading power of 29. Which they wouldn't have been able to achieve with either one of those items on their own, neither an 18 nor a 12 as a standalone would get them into that which required a 29.

One the other side of the equation, where someone exchanged into something that had required less trading power than what they started with... we had a member that started with a week that had a trading power of 13 make an exchange into a resort in Orlando which is one of the higher use exchange destinations of Fox Hills Owners it turns out. So they traded down. Now we'll talk about that in a second. They exchanged into a resort that only required a trading power of 7, so they had this Deposit Credit left of 6 which they can use towards future exchanges, combine with another deposits so on and so forth.

Now I say trade down, that doesn't necessarily mean they traded down the quality. It doesn't even necessarily mean they traded down in unit size. There are opportunities where people are actually potentially trading up and yet trading down at the same time. You may be able, for example, to take a one bedroom at a Silver Crown Resort such as Fox Hills currently is, exchange into a one bedroom or maybe even a two bedroom at a Gold Crown Resort depending what time of year, where the resort is, so on and so forth... But use less trading power than what you started with. So that's defiantly a win, win situation. That isn't going to happen all the time but it does happen on occasion.

So I wanted to show you, we recently made some changes to the RCI.com member facing website. Who's been on there and seen the new changes, anyone? Maybe you like them maybe you don't. I don't know. Two people have seen them. Well, great... (chuckle) for those two of you and those who haven't seen it yet, here's a little bit of what's going on there. So when you come into the site and you sign in, this is your account dashboard. It gives you some real good information all at a quick glance. It tells you how many weeks you have available to deposit, how many weeks you have deposited and how much total trading power that represents. If you have any reservations on hold, any upcoming vacations that you have already scheduled, any ongoing searches that you have, and any resorts that you've favorited (that you made them on your little favorites list), you can see that all in one place. As well as, over on the left, it tells you your ID number, how long your membership is valid through and if you're a Platinum Member, when that platinum membership would expire, as well.

Then we get into, I want to exchange; so there's a number of ways to do that. You can start with this, telling us where you'd like to go. Start typing in a destination there and we'll start you know showing you options within that destination. Or, on the right, you tell us when you want to go and we'll show you all kinds of stuff from all around the world that's available around that date range. Or you can do both

kind of together - where and when. Or maybe you don't know exactly where or exactly when but you know you want to go skiing or golfing or to the beach. So, you can start by just searching by vacation experience type and then we can show you all the beach destinations that are available or all of the skiing destinations that are available. So we really are trying to make um, a better user experience for you to be able get to what you're looking for quickly and easily.

So this is an example of a search that has been begun. Obviously someone here was looking to go to the Orlando area and what we're finding is, um, we got a couple of resorts that showed up here on this search. Polynesian Islands and Silver Lake Resort in Kissimmee; and it clearly displays right there the trading power, so we've got, you could go to a trading power of 10 up there to Polynesian Islands or a trading power somewhere between 7-15 for various different weeks and unit types no doubt at Silver Lake. Or if you don't have any weeks deposited or you don't wanna use an exchange you could also rent. So it also shows you the rent price as well, just below the trading power. So you see you could go to Silver Lake from anywhere from \$339 to \$459 or you could get that week at Polynesian Islands for \$509. One other area that I think a lot of folks don't know about as much and it's very, very helpful on our website is kind of member tips. This is called 'Inside RCI'. Once you are signed into the website you can get to this section and there are just all kinds of different unique areas where you can click on the weeks handbook, deposit calculator, combining your deposits, um, deposit creditsyou know you heard me talk about it but you're probably going to forget by the time you get to the car today if you're like most folks. But that's why we put this stuff on here. Because we know you don't inherently know these things and understand how they work. So we wanna be able to give you some online guidance so that you can understand them better and really get a good feel for these concepts and how they work and how they might be beneficial to you. So now you can see there's a lot of different areas here to get some additional information and better understanding.

Now our newer exchange platform which isn't very new anymore....It came around 15-16 years ago is RCI Points. And are any of you RCI Points members out here? Yeah, good we've got a pretty good number of points members. That's great! Um, one of the greatest things about points is while we added some great features and benefits and some additional flexibility to Weeks back in 2010, Points is still the most flexible exchange platform in the timeshare industry. Ah, it gives you a lot of flexibility in ways like being able to reserve nightly stays. You don't always have to do 7 nights. A lot of people you know don't vacation for 7 nights at a time anymore like they use to 20 or 30 years ago. You can also save and borrow points and extent points so you can get multiple years of usage out of them.

You can transfer points between member accounts. So all of those of you who raised your hand look at each other and if you need some points go see if anybody has any they want to give you. (laughter) Um, you know you can also use those points for other things besides just exchanges into other timeshare resort accommodations. You can use them for discounts on hotels, car rentals, airfare, entertainment options, cruises.... there's a lot of flexibility in there. And you can also deposit your RCI weeks ownership if you own at another resort that may be doesn't have points. You can deposit that week into your points account to get additional points.

So I wanted to give you a little bit of an idea to of what the member experience looks like on RCI.com for the Points Member. So this is once you've logged in here. You've got your account information on the left there, your ID, how long your membership is valid through, how long your Platinum is valid, what your use year dates are, your summary of points, how many you've used so far in your current use year or how many you have available, I'm sorry, in your current use year, and how many available in your future use year. This is somebody with a lot of points, 166,000. Because you're a Platinum Member in

this case...Um, it shows you how many savings dollars you've earned as a result of being a Platinum Member. So there's a lot good account, general information here as well as your favorite resorts and you can click on the next tab "Quick Search" start quickly looking for a vacation option for yourself. You can also search by map and you can do a search here, you know you see on the top left, you can sort of dictate whether you wanna look just at exchanges or just at rental options or just at those last call which are the heavily discounted rentals. I just wanted to be sure to show you that. And then this is a really cool thing right here. This is a filter that we have available within the points. Once you're logged in, you start looking and you can search by points range. And you can look at what's available right now for 0 to 10,000 points. So this is a great way to really stretch the usage of those points and get a lot of bang for your buck. This is generally going to be stuff, most of it is going to be with start dates 30 days or less in the future but we do often times have stuff out further as well. Just based on what we know about usage trends of the inventory in our system and things like that. But there's a great opportunity to get to lots of different places but really all around the world if you're able to kind of travel somewhat last minute by using very few points.

So similar to the Weeks membership we have 'Points to Remember'. The other one is 'Inside RCI' for weeks. This one is 'Points to Remember' with lots of different areas, you know basically little tutorials where you can understand a little bit more about what is this all about. What is RCI Points? You know, are your points closer to expiring? Here's some options that you can continue to use those, um, just all these different things. Then Platinum Membership, any Platinum Members with us today? Okay, Yes. Super!

So Platinum Membership is something that is available to any of you. If you are not a Platinum Member, you are welcome to become a Platinum Member any time. I think you can do so online. If not, you can certainly do so by contacting one of our vacation guides or coming back to the room later today and we can do that over the phone with our customer care specialist. The great thing about Platinum is that it provides you with an extra set of benefits beyond the standard membership. You still get all the wonderful benefits of standard points or weeks membership plus some extra special things. It's kind of a higher level of service, really. So we look at priority privileges. They are, they start with priority answer. Anybody ever called RCI and been on the phone, on hold for a little while before you get to talk to somebody? Yeah..... You get right through to somebody if you are a Platinum Member because you have a special dedicated number. So that's really one really nice benefit. Um, previews, when we do sales... like I think we had one going last week that was, ahh, an extra \$33.00 off or maybe it was extra vacations from \$33.00 a day, something to that effect. As a Platinum Member you get a day advance notice and ability to take advantage of those types of sales as well as, um, the priority access to specially acquired inventory. Okay so we go, we know that members want to go some places in the world where there isn't any timeshare or there is very, very little timeshare and it's extremely difficult to get to. Most times this is going to be urban destinations. Places like New York City, Montreal, San Diego, San Francisco, Paris, um you know kind of these major thriving metropolises that are urban destinations that are popular but they're so expensive that no one builds much Timeshare there. And when they do, they're usually big clubs and they keep all of them for internal use for their own club members. So we go out and acquire inventory in these high demand areas and supplement the exchange pool and make that inventory available to only Platinum Members. So you get kind of this, on top of all the regular inventory. You get this special batch of inventory that's reserved just for use by Platinum Members. Has anyone here ever utilized any of those that I just mentioned? No...? (laughter) (Shane talking to someone in the crowd the owner is not audible.) Yeah, you've been Platinum but you haven't utilized those, huh? Uh-oh, well we gotta get you some good information on how to take advantage of those benefits for sure. So Savings Dollars is a unique attribute to the Platinum Membership as well. This is

where by doing these various RCI transactions you are actually earning one savings dollars per dollar spent. Which then can be turned around and used as savings towards vacations, towards online purchases, towards buying wine if you like to drink wine, um, and we'll look at that a little bit more in a minute. But these are, you know, as an active member these are transactions that you're probably going to be doing anyway and so this just gives you an opportunity to earn some savings dollars by doing those things.

When you have earned the Savings Dollars, this is how you redeem them...a number of different ways, hotel stays, quality branded merchandise from the online store, certificates and gift cards. If you like to go out to eat a lot, you can get restaurant.com certificate... If you're more a movie person, Fandango, um, RCI Platinum tours and packages....You know if you always thought it would be really interesting to go on a tour of China or Europe or something. Or take an interest focused vacation, like a big golf trip or a ladies trip to the spa or something...you can get special packages like that set up as a Platinum Member. And then even wine, um, that is kind of a cool one. It's a unique wine buying opportunity that you can use those Savings Dollars and what you're doing with those Savings Dollars is your using them to essentially buy yourself a discount or achieve a discount on buying these products.

And I wanted to tell you a little bit more about these exclusive sales and savings. So I already mentioned the advance notice of any extra vacation sales but you also get a 10% discount on all extra vacation rental getaways, as well as, last call vacations. So even if we're all ready running a general sale for all members you still get an extra 10% off of that deal too. So this is a great way if you're wanting to do some vacationing without giving up your week or if you already used all your trading power or points, this is a great way to take advantage of doing some rentals and still being able to go to some great RCI resorts. Rather than just having to go stay at a hotel for example.

And then the cruise exchange is kind of a fun one too. Anybody like to go on cruises? Got any cruisers here? Yeah, a few of you, good! Well as a Platinum Member you actually get a wider range of sailing options than a standard member would to utilize your points or trading power toward. And you get an additional \$25.00 savings per cabin, as well as, the ability to book unlimited number of cabins at that discounted rate. So it's not just for you and your significant other but also if you want to bring the family or the grandkids or the neighbors or whoever... however many cabins you want, you know you can get them all at that member rate, for yourself and your traveling companions.

The next thing we have here is complimentary upgrades and changes, as well as ongoing searches and holds. So these are things, um, on the case of the ongoing searches and holds as a standard member you have to kind of pay the exchange fee before you do those things. As a Platinum Member you don't. Okay, long story short there. On the complimentary upgrades and changes, this is unique....What we do is if you are a Platinum Member and you have booked an exchange, IF there is something available at the same resort, same check-in day that's a unit size larger we will just automatically upgrade you. And that starts about 2 weeks before your travel date. So don't expect 6 months out if you book something that the next day that you're going to be upgraded. It's kind of like last minute and it's all done through RCI. So this is not something where you show up at the front desk (and any front desk people here will be glad to hear this because I am sure they have had this happen) this is not something where you go to the resort and say, "I'm a Platinum Member and you must now upgrade me." No.... (Chuckle) That's not how that happens. We will take care of it for you prior to your arrival if there is something available. Now that's how that process works and that makes it hassle free for you too, which is great.

Also interesting.... and this is a relatively new benefit, is the ability to request to change resorts in an already confirmed exchange. So for example let's say you're going to Orlando. Orlando is pretty big and there's a lot of resorts that are quite varying distances from the thing that you really might want to be going to in Orlando. Whether that's Universal or Disney or any other number of things, a certain golf course or whatever it may be....So maybe you were able to get to the Orlando area but not really the resort that you wanted. Well, you can start a change request and put in up to 5 different resorts that you would rather be at... if they become available. And what they do is, um, they'll do it starting at 14 days out to 3 days before...it's gotta be relatively the same time frame, right. And it's gotta be the same destination. So this isn't something where like, you book a studio in Branson in January but you really wanted a 4 bedroom in Hawaii in December. Well, it....No. (Laughing) Not quite like that. So it is basically move me around a little more within the destination that I'm already headed to. And that is again at no cost.

So then I just have a couple of more little details about some call outs....About some of the recent changes that we made to the website. So you know we talked about a number of these already but it just kind of points out specific areas within the site where you can do things like see account highlights (up on the top right) there by clicking on that. Um, jump start your search but starting to type in a destination, you know it kind of starts to do auto fill for you and immediately starts showing you results of the vacations that are available. You can explore by maps, search by activity as we talked about, click on offers and last minute deals, they're all going to show right there for you, Special Offers Available. Um, and yeah check out the improvements up there on the left. And then ah, you know just wanted to kind of show you the new look, right. So you have deals on the left. You've got all these filters. Whether you wanna look at only Gold Crown or only Silver Crown or only 2 bedrooms or you know all these different unique filters that you can put into place. And the idea is this - you know you want to drill it down to what you want. We can show you all kinds of stuff, but a lot of it isn't going to be exactly what you're looking for. So you can filter, filter, filter to get really what you are looking for and then just be looking at the most relevant search results in the end. You can search by map, compare your options, if you wanna, and you're like I don't know, and there are 3 or 4 I'm looking at...click, compare. And then in the end you can kind of see what the differences are. We've tried to take some of the great attributes that we've seen on other sites...places like Amazon and different things and tried to incorporate some of these things. Um, so we've got ...um, like recommendation engine for example. You know you may have noticed when you're searching that all of a sudden we've started suggesting things for you. Well, that's not by accident. Um, and it does have some, some algorithms behind it, so we're doing that based on what we've seen to be your search history and your vacation history. So if we see that you generally like to go to the beach every year in March and we know we have some beach availability even though it maybe isn't exactly where you're lookin, we're gonna say hey here's some beach stuff in March ... by the way in case you're thinking about doing that again this year. So again, trying to increase that ease of use and satisfaction for you the members.... so I thank you again for giving me this time today, for being members, for being RCI affiliates, and I do want to remind you that we will be back in about 35-40 minutes. Back in a room just outside here, down the hall and to the left and we'll take members one at a time that want to speak to a Customer Care Specialist, anything about the account. Um...so, that's the end of my presentation for today.... Except, I almost forgot....(laughter) One lucky RCI member today is going to go with a prize package. So in appreciation to all of you for all of your years of membership and exchanging...First of all, let's give a round of applause to all the RCI members here in the room. Let's hear a nice round of applause. (Crowd applauding) And let's have you all stand. All the RCI members in the room please stand up. Yeah, look at them all! Nice! Excellent!

So I think the way we're gonna do this today, I think is um...let's, let's see here um....Let's start with ah, who came...In order to get here today, who traveled more than 30 miles? Alright.... Great! Thanks for coming! Take a seat. (Laughter) Who traveled more than 50 miles? You traveled more than 50? Alright... Anyone who, who.... Oh, I might have done this wrong... I might have done this backwards. (Laughter) Anyone who didn't travel more than 30 miles, take a seat is what I meant. We're trying to eliminate...to kind of get who traveled the furthest, here. Ah, so we have some folks that traveled 50, congratulations. Anyone that traveled less than 50... please take a seat. A lot of them still standing, great! How about 100? Anybody travel more than 100, stay standing. Oh, we got a few.... We got a few that came a ways. Alright well, let's see...How about a 200? Anybody travel more than 200 miles to get here today? Yeah, we got two...Oh...you guys didn't ... your more than 200? (inaudible from the crowd) Wow, way to go and come support your resort ...and thank you for being an RCI member and as a result you are going to get ... A little bag...

Shout from the crowd: Where are you from?

Shane Flannigan: Where are you from? Wakefield?... (more inaudible talking) Plainfield, IL? Oh, I don't know....Let me get over here.... we need a microphone. (murmurs from the crowd)

From the crowd: Up in Canada almost...(laughing)

Lady: Park Falls, WI

Shane Flannigan: Park Falls, WI....

Lady: We're an hour north, I mean an hour south of Lake Superior.

Shane Flannigan: Okay.... An hour south of Lake Superior.... Well, thank you for coming all this way. What's your name?

Lady: Judy Feldkamp

Shane Flannigan: Alright, Judy...Let's give Judy a round of applause. And let's also give Judy a little tote bag, a towel...a beach towel, and a couple of RCI drinking apparatus mugs... as well as, a free exchange for a free week. So um, I'll just get your information in just a moment here and we'll get that on your account you can use that without giving up your week and go on an exchange. Alright!

Judy Feldkamp: Thank you.

Shane Flannigan: Thank you! And thank you everyone! (Applause)

Richard Glomski: (murmurs from the crowd) Hang onto it yet. Hold on....Hold onto the mic yet if we got any questions that get directed to you, you'll have it.

We're gonna go into the questions and answer and comment. (On stage Richard Isley off mic asking Richard Glomski to announce the election results?) Oh, do we have the election results, Vicky? Do we have the election results?

Vicky Anderson: (barely audible) Yes we do.

Richard Glomski: Unless there was a lot of write-ins... (Vicky...67). I got 67 votes I guess so and ... Anybody do any write-ins? (Vicky... No write-ins) Mickey Mouse didn't win? (laughter)

We actually had elections for officers, before the meeting and the slate of Officers the way they are up here is the way are gonna stay. So normally we had to elect officers after this meeting because we didn't know who was gonna be on the, who was gonna be the candidate or who was gonna be elected, I should say. And there, I didn't have any opposition this year so. Hopefully that's because I was doing a good job. (Applause from crowd) Thank you! Appreciate it! I try to do my best. So we'll go into the questions and answer /question and comments section. So, if you step up to the phone...Step up to the microphones, ask your question and talk directly into the microphone. (inaudible talking...) Yeah, give your name before you ask the question.

Richard Glomski: Yes

Jim Treadway: Ah, Jim Treadway from Kaukauna. I have two questions for the RCI man. Ah, if you have weeks you can reserve two years in advance. Points what is it 9 months? Why is the difference?

Shane Flannigan: Yes. So as a weeks you can exchange into weeks inventory up to two years in advance. And as a points member you can actually also exchange up to two years in advance as long as your exchanging into weeks inventory so you would still be booking a 7 night stay.

Jim Treadway: Right.

Shane Flannigan: You know part of the additional flexibility and kind of really part of the protection of the individual owner within points is protected windows in order to be able to reserve your own week. So because Points membership kind of automatically puts your inventory in the RCI pie, if you will...Um, we give you the first bit at it without having to compete with anybody else. If you wanted to go back to your home week...So you get a protected window for that of 13-12 months in advance and then you have a home resort reservation window of 12-11 months in advance. So that you can come back to your preferred resort before the rest of the Points world gets access to it. And then if your part of the home group which would be multiple resorts..kind of the trade internally amongst each other... there's an extra window there and then at 10 months out, actually, is when you get your standard reservation window when you can book into any points resort and that's when other points resorts can book back into..or book into your resort for the first time. So it's really in there, um, partially as a protection and also because of the timing of which the deposit work. So unlike Weeks where the further out you give it the more trading power you receive. In Points you always get the same amount of Points no matter when you get it but you know we work with the resort to get the inventory rather than with the individual owner and so when we first put the points program together that was one thing that they wanted to do was not have to commit the inventory so far out in advance. So that's really kind of the reasons why.

Jim Treadway: Okay. Ah, we were down in Lake Geneva last, this last week, we just got back yesterday...Ah, we've been going down there for a number of years to participate in an activity that they have twice a year. Ah, we've always gotten a very nice one bedroom unit with a nice kitchen, nice dining room table, nice TV... everything very nice. This year when we got down there, we got a studio, with a one bedroom, with a tiny little kitchen. If I wanted to eat my breakfast, the TV was 2 feet in front of my face. I went to office and complained and we did get another unit the next day. I guess my question is...On the website you don't know what you're getting. You don't get to choose. They...You got a one

bedroom unit and that's all you know. How do we decide? How do we get the deluxe unit instead of this?

Shane Flannigan: Well, we generally show ...Um, like the square footage and things like that of the units and sometimes resorts will name their units differently like...one-bedroom standard, one-bedroom deluxe...

Jim Treadway: Well, that's it.

Shane Flannigan: If they do, they do and if they don't, they don't.

Jim Treadway: But we don't know what, they are getting.

Shane Flannigan: Right. Um...

Jim Treadway: On your website...I'm telling doesn't say, deluxe standard.

Shane Flannigan: Okay. Um...okay so, you know, um...generally when you're at a resort and you look at...you can go to like room descriptions or unit descriptions and kind of get a list of all the different room types that they have and then see...you know, is this one the 700-square foot that I'm used to or is this a little one bedroom that's like 400 square feet. Um, you can also, of course, consult with one our guides that can look more at the specifics and then still book online. We get a lot of people that do that. Um...but we, we try to give as much detail as we can about the resort, the amenities, the unit types, what's in the units and everything else. The problem is we're really at the mercy of the detail that we are provided by the resort. And a lot of resorts don't give us a whole lot detailed information on that.

Jim Treadway: Well, I asked them about a reservation we have for next October. What was I getting and they said we have to talk to you about that.

Shane Flannigan: Me?

Jim Treadway: That you decide.

Shane Flannigan: (laughter from the crowd) They said to talk to me?

Jim Treadway: RCI... (Chuckling) RCI...

Shane Flannigan: Well....hah....You know they probably don't have that reservation in their system yet. Which is maybe why they...you know they may not even see a reservation at all....

Jim Treadway: Well, does RCI have it?

Shane Flannigan: Yeah! If the resort hasn't chosen to pull it and enter it into their own reservation system, then they aren't seeing your reservation at all. Um, so RCI, if you wanna call and/or come back today and find out what you have...Um, you know we should be able to look that up and see the unit type that you have booked.

Jim Treadway: Okay but there's no way on the website for us to do this without calling, telephoning and all that stuff?

Shane Flannigan: Yeah, the room detail tab. That's what I was talking about - where, where generally we try to put a lot more detailed information so that ...you know, our, our idea and our hope behind the website is that we're giving as much information as is available. Like I said, if the resort doesn't choose to give it to us, you know, we're kind of at their mercy.

Jim Treadway: Okay. Thank you.

Ray Ogea: Ray Ogea from Sheboygan Falls. I've got a question on ah...I understand the wages and salaries... and the professional fees...What are the management fees?

Richard Glomski: Go ahead...you wanna? Go ahead.

Joe Jacobson: Hi, Ray. The management fees are what you pay me and the rest of my staff that don't get a salary. That are not in your, in your um....wages and salaries for all of the consulting we do and the work we do and the management we do. Um, your industry standard is 10%. We froze ours at \$150,000 a number of years ago, which is well under 10%. We'd be at more like \$200,000...in fact we were up to one hundred and sixty some thousand when we froze them. Um, in an effort to get the whole renovations done and get the Association solvent again....So that's what you're paying us - too actually manage your Association for you since as Richard said before your Board Members have 3 or 4 meetings a year...They can't possibly handle everything that your Association needs done for you. Because it is a 2 million dollar a year business.

Yes, Kurt.

Kurt Keller: Kurt Keller. This question might be for Shane....But as our resort actually regains Gold Crown over a period of years. Does RCI ever reevaluate the number of points or trading power? How does that actually work? Do we ever get an improvement in that?

Shane Flannigan: I guess I'm gonna keep this mic...(chuckle) Um, yes so actually the, um...the trading power as I showed that picture of a house earlier... one of the things that comes into...one of the components that is used to utilize and determining the deposit trading power which is the trading power you receive upon giving us your week...one of the factors in there is comment card scores. So as they ebb and flow, you know the trading power on any given year will be slightly affected by that. It's not gonna be a huge swing in your trading power...it's not like it's gonna double it or increase it probably by 25% or anything...um but you will probably see some slight increase on the years when the comment card scores are higher. Um, as far as points, points....and let me back up and mention this. The week's trading power is really and always has been since it was introduced in 2010...it is designed to be a dynamic model. Where the trading power may not be the same from one year to the next...partially based on the comment card scores, partially based on the, definitely based on when you're giving us the week...Um but we mainly based on that seasonality, utilization, and things like that. So Easter, for example, is a good one. Easter can fluctuate, you know, a long ways from one year to the next. So your week might be Easter one year and you might get a nice bump in your trading power that year as a result but the week...the next year that same week might be two weeks before Easter and you're not gonna have the same trading power. Um... when it comes to points...points is much more of a static universe. For most...for all intents and purposes, once we set the point values up for a resort which is

done at the point that it becomes an RCI Points Affiliate...um they pretty much stay. Now if a resort was brought in and the points were evaluated when the comment card scores where a standard resort or a hospitality or something and then a few years go by and the resort does get to Gold Crown, we may look at them again and potentially raise them. They aren't iron clad - locked in place forever, but they very rarely change. Um...and it's not something that we look at and they fluctuate like trading power does. (inaudible question)

Shane Flannigan: Well, um you know... that's a great question. Um, are we on the list to be reviewed soon is what he asked? Um...usually the request comes from the developer or the management to do that. I...Now that the scores have actually gone away from Gold Crown into Silver Crown...I'm not sure what the scores were when the points values were created originally. Um... but if they were at a Gold Crown level, at that point there's no up to go to from there. But I can certainly talk to our Revenue Management folks that do that and say, "Hey you know what were the scores when we originally did the points?" and you know, is there any opportunity to revisit them? I'm happy to do that.

Joe Jacobson: Shane, Shane has only been our Rep for what - six months?

Shane Flannigan: Yeah, since ah, September I think.

Joe Jacobson: And we had requested with our previous rep when we were Gold Crown because you all remember when points rolled out we were nothing. I mean we were not Gold Crown... we weren't Silver Crown...we weren't Resort of Distinction and so we went up to Resort of Distinction...I don't know if they call it that anymore...It use to be Resort of International Distinction...then we went to Silver Crown...then we went to Gold Crown for 3 years. So last year many of you has asked that question here...Why doesn't our trading power go up and I had asked our Rep at that time, Jill Gray and she said, "Well, we should take a look at Fox Hills." Well, then subsequently she left shortly after that. Shane is fairly new. That is a conversation he and I will have to have. Now their explanation is - we don't do it every time you go up because you may go down the next year. Well, we were up for 3 years and we went down.... but I still think Shane and I will discuss this and he can discuss it with his team because when those point values were set...um was a long time ago when Fox Hills Owners Association was not in very good financial position or the units hadn't been renovated and we were not, we were an RCI Resort but we didn't have any of the distinctions that we now have. So, it's a good question, Kurt, and Shane and I will continue to work on that.

Shane Flannigan: Absolutely!

Richard Glomski: Go ahead.

Unidentified Man: Under your expenses I didn't see any mortgage expense. We have no mortgage?

Richard Glomski: We have no mortgage.

Unidentified Man: Okay. I, ah... it looks like on the return fees...it looks like 30 weeks were turned in this year...about 30 weeks... What is our total? How many total weeks does the resort own because before you were saying you own something like 700 weeks and then it looks like you added another 30...

Richard Glomski: You're talking about the Resort or you're talking about the Association?

Unidentified Man: The Association I guess.

Richard Glomski: The Association...the weeks that we own vary a lot depending on when we get them back. We might get 5 or 6 back from some lawsuit or whatever it is. Um...that's kind of a rolling total and then we do try to...we do sell some... (Joe Jacobson talking off mic to Richard Glomski) Yes, the 30 that came back went to the Association so we have those plus our other stock that we have...I don't know...I think at the last time I thought we had about 75. But we maybe got...that, that's about what we got now. I think that our um...that we have on hand or whatever you might say. That does mean that's the only amount that aren't paying dues because there's some out there yet that we're in the process of trying to get them back. There's some out there we can't locate. There's more out there than those 75.

Unidentified Man: So how do we evaluate what we own since we have to pay you \$2500 or somebody else to get rid of this obligation we bought? So..

Richard Glomski: Excuse me...

Unidentified Man: Yeah.

Richard Glomski: Your value basically is your vacation value.

Unidentified Man: It's a negative \$2500.

Richard Glomski: Right, if that's the....well, if you wanna your cash value but if you...how many vacations did take with your timeshare? Or how many times have you gone on vacation with it? You know that's where your value in a timeshare is.

Unidentified Man: Well, that's like saying you bought a house...how long did you live in it...that's what your value was.

Richard Glomski: Well....

(Both talking at the same time)

Unidentified Man: And your house is worth nothing

Richard Glomski: What if you bought a car?

(Both talking at the same time)

Unidentified Man: A classic car?

Richard Glomski: What if you bought an RV?

Richard Glomski: Well, a classic car would be one thing...this quite isn't classic car yet. (Unidentified Man chuckling/laughing) You wait another thirty years (Chuckling). Then it will be an antique and a collector.

Unidentified Man: Even a house has a lot value.

Richard Glomski: Right.

Unidentified Man: It has some value. What your telling everybody here...that you have a negative \$2500 value in what you own.

Richard Glomski: I don't think we're actually saying that

Unidentified Man: Alright I have

Richard Glomski: Yeah...Joe, Joe would like to

Unidentified Man: I have, I have a one week. Okay...since I no longer have a shoulder I can use and a hip I can't use...I have to give you guys \$2500 so I don't have this asset anymore.

Joe Jacobson: Well...well you don't have to. You can keep it and you can try to sell it (Unidentified Man now also talking.)

Unidentified Man: And pay \$500 a year of something I can use?

Joe Jacobson: Well, I understand that but what, what's...it's not just the people up here. It's everybody out in this room (Unidentified Man now also talking.)

Unidentified Man: Alright...

Joe Jacobson: Plus another 4,000 owners...you know that if everybody... if the Association, if your Association, which I manage...just took them back from everybody who wanted to clearly the dues would have to go up for everybody else.

Unidentified Man: How much is this Association worth? If we have no mortgage...What is it worth?

(Inaudible talking)

Joe Jacobson: Yeah, there is a balance sheet you can have. Yes, we have copies of that.

Unidentified Man: How many weeks do you have out there? If you divide the number of weeks by what it is worth?.....Then that is what you should give for shares.... Does that make sense?

Joe Jacobson: Well, they're not a share. You own the piece of real estate but

Unidentified Man: Oh!

Joe Jacobson: But we

Unidentified Man: That's a negative value.

Joe Jacobson: We only offered that because many people were going to these 3rd party people that call you on the phone. Giving them the money...then were getting dumped into an LLC which then we would

have your Association would have to pay money to an attorney to get back. And we said, "Well, if they're going to give that money to other people and then we have to spend another \$1,000 to get them back...Why wouldn't the Association just allow them to give them back to the Association?" And the whole \$2,500 idea came up because most of them were charging \$4,000. The lowest was \$2,500. It covers the dues for a number of years while we can try to sell them. Um, we didn't think about the point if you have a one bedroom. We did base it off of the two bedroom...we just picked a number for 5 years...a two bedroom. So the Board, I'm sure, will give this some thought. But we didn't, we didn't do this in order to say, that's...we just did it because people were doing it with other people anyway and we thought...Well, it hurts the Association if they give them to a 3rd party and then we have to spend Association money to get them back...Let's give them the same option as that other party. We're not recommending that option. We just did it because it was out there already. We didn't come up with the idea. We mimicked what was out there. So I get, we get your point. We can talk about it. There may be some different things we need to look at in that aspect because it is a fairly complicated situation.

Unidentified Man: Let me give you an example. How many people would want one week, 2 bedroom, white and blue for a dollar? Dollar plus closing costs. Raise your hand.

(Inaudible Talking)

Unidentified Man: Okay, so there's your value... (Inaudible Talking) You have how many owners here and for a dollar they don't want an additional week. Does that make sense?

Joe Jacobson: No.

Unidentified Man: If this property is worth 10 million dollars and you divide it by all the week owners and everybody gets...\$200 back. You're \$200 ahead. (Laughter from the crowd)

Richard Glomski: (almost inaudible) You got a buyer? (Laughter from the crowd)

Unidentified Man: You don't have one for this for a dollar!

Richard Glomski: Well, the point being is you're saying this is...You purchased that timeshare.

Unidentified Man: Yes!

Richard Glomski: It's one fifty second of a week.

Unidentified Man: Yes!

Richard Glomski: That's what you have and you still own that.

Unidentified Man: Ya!

(Both talking at the same time)

Richard Glomski: And you're,

Unidentified Man: And I have to pay \$500 a year for it!

Richard Glomski: and you're liable for the maintenance on that particular thing.

Unidentified Man: Forever.

Richard Glomski: Right.

Unidentified Man: Until I die and then my estate.

(Inaudible)

Richard Glomski: You're correct.

Richard Glomski: But there is a lot of value in there. You can sell your week. You can sell your week to someone else if you want.

(Both talking at the same time)

Unidentified Man: Okay. Where are they?

Richard Glomski: Let me finish. You can sell your week of vacation to someone else if you wanted to.

Richard Glomski: that I will sell you for \$500.

Unidentified Man: ...people know Fox Hills and they don't want it.

Richard Glomski: No, you didn't understand me. I'm talking about the week of vacation. That week is worth \$500 and more. Where are you gonna stay in a hotel for less than \$100 a night.

(Inaudible talking)

Richard Glomski: And you've got the ability to stay right now...You can stay 7 nights at Fox Hills for your maintenance fee. Am I not right? (Inaudible talking) So you're, that's what you own. You own vacations. These people that buy into these vacation clubs ... They don't even have a property. They just have the points. And that's what you have, you have the ability to go on vacation.

Unidentified Man: (Inaudible)

Richard Glomski: And that's what everybody else has here. The ability to stay in a nicer place than what you could stay for cash. For less money than what you can stay in a hotel and you've got a lot more amenities. And that's the purpose of a timeshare. It's not that you have bought it as an investment. If you bought it as an investment, the person that sold it to you had rocks in his head because it never was going to go up in value.... It never was. And there may be a time when the value of this property is gonna be more. Because we are generally...We brought this place up to a point where we don't owe money. We've got one of the lowest maintenance fees in the industry and so everyone else out there eventually is gonna look at our timeshares and compare to somebody else's. Because a lot of timeshares right now are paying well over \$1,000 a week for their maintenance fee. And we're at around \$500. You're at less if you only got a one bedroom

Unidentified Man: Two bedroom

Richard Glomski: Or you gotta two bedroom then it's \$500

Unidentified Man: Yeah, it was a real good deal for a dollar.

Richard Glomski: It is a good deal for the dollar. I'll tell you that...It is a good deal.

Unidentified Man: You can have it... a dollar! Take it!

Richard Glomski: But there's a lot of other people that have their weeks already. I bought one of the Buyback program weeks. I purchased one because I think it's an excellent deal. I get to go on a vacation to a...we go basically - got 10 days in Florida. Less than a block from the beach...swimming pool the whole works. We got for that \$500 maintenance fee that we paid. And now at the end of 5 years, if we no longer can use this thing, I can give it back to the Association. We coupled that with the other timeshare that we have, so we have a large variety of time. We spent a month down in Florida this year with our timeshare. That's the only thing we used.

So you got people buying houses in Florida and all over else. The amount that this individual paid for that place...if you had boughten a property in Florida at a certain time down there when things were high and you wanted to sell it when things were bad, you would have lost a lot more than what this individual did. So there is value to the timeshare program, but you have to see it and you have to use it. And if you can't use it, you gotta find someone can use it for you. I mean that's the only way you get your money back.

(Inaudible talking)

Joe Jacobson: Sir, your point is well taken and watch the website and watch the Fox Tales. If we can get this deal put together with Global, they may be willing to take...we may be able to facilitate that as I had talked about earlier. We are working on it. I mean obviously I had to negotiate to get a deal to give my weeks away. And I, we will try to do another deal; and if you're interested, make sure Vicky knows. We will see what we can do about that. We are working on it. So....

I think you were next?

Vicky Pingel: I just have a quick question. My name is Vicky Pingel. Um, the deed for the ownership...my mom and dad used to own it. We took over about a year ago. Just wondering...how long it takes reasonably for the mailing to change over from, let's say my father to us because what we are running into is a lot of heart ache with my father receiving these things. This was something that my mom and my dad owned together and he no longer wants to get that and my husband and I are not getting these things.

Joe Jacobson: So we need the address changed you're saying.

Vicky Pingel: Yes and I know...I've...yep.

Joe Jacobson: See Vicky on the end and give her your address. It shouldn't be very difficult to change.

Vicky Pingel: Okay. Because I know I've done it like several times and it's not happened. So...

Joe Jacobson: Alright well...Vicky you want to make sure that gets done? Okay.

Vicky Pingel: Thank you.

Joe Jacobson: Make sure you see Vicky. You're welcome.

Vicky Pingel: Thanks!

Diane Tappa: Diane Tappa from Hobart, WI. Um, I just wanted to say we stayed here for a weekend in January with our kids and our grandkids. But two different places and um... I wanted to give kudos to the Activities Director. I can't remember her name anymore; but when we went to do the activities in the playroom...I think it's down here somewhere... she totally...our grandkids were the only ones there. I'm sad to think that a lot of people don't take advantage of that because she really went out of her way to find activities for these 7 kids with a lot of range of age. She was excellent. Um and they enjoyed the pool but is there any chance seeing it seems we are looking good financially...Can you have like for the pool area like noodles? Does everyone know what a noodles is? I mean we go to Florida for a couple of months and they have like a garbage can of noodles there and people grab them and they can go in the deeper parts...You know it's really to me...it's a simple cheap thing and it would be an extra... just put them in your back thing and have Fox Hills written on them and I just think that's a simple thing added to everybody's....we brought them from home. It seems silly to have to do that.

Joe Jacobson: I will write myself a note as soon as I sit down from this and we will start with making sure we check with the county since they regulate the pools. I know people could bring them in. I wanna make sure that we can have them and with the Association's insurance company...If none of them have any problems...I agree with you it would be a pretty simple thing to do.

Diane Tappa: Right. But kudos to that Activities Director. She was excellent.

Richard Glomski: Yes sir.

Bob Cowan: My name is Bob Cowan from Menomonee Falls. And we've had our condo up here for over 30 years. And we have really enjoyed it. Um my wife constantly reminds me that I didn't read the fine print when I signed. And so I can't blame anybody else but myself. She ah, but I'm just wondering...I heard earlier that there were 700 weeks that were not used... times \$500...that's \$350,000 a year. But whatever it is... I'm wondering now since we've all learned that when you sign up for a timeshare and there is no possible way out...Financially some people probably bought it thinking they were gonna buy it for \$5,000 and sell it for \$10,000 or \$15,000. When the Association goes out to sell them now...Have you thought about putting a 20 or 25 year time limit on it? So you don't burden these people with something to make it more enjoyable?

Richard Glomski: We've got that 5.... The ones that the Association sells right now....If you want it. We have the 5 year Buyback. We will take it back from you and give you your money back

Bob Cowan: Right.

Richard Glomski: after 5 years.

Bob Cowan: But I'm thinking what about the long term. What if these...you get somebody in here and...and ah,

Richard Glomski: We don't have a longer term program.

Bob Cowan: Okay.

Richard Glomski: Ah, we certainly could make a longer term program on the ones that we have here. I mean we could do that as well as the 5 but... we just felt that if we did it at a 5 year that both older people and younger people could use this if they change the way they decide to vacation and wanna sell it back they can.

Bob Cowan: Okay.

Richard Glomski: And eventually... this Association is very conscious of the aging group that we have here and we are looking at every possible avenue that we can to help you be able to get rid of your timeshares if you don't want them. But I personally think that if you really look at your timeshares they are of great value. I mean it's just that you know you ... a person doesn't use it anymore... you feel you're not getting your monies worth back but

Bob Cowan: I have no problem with what I'm trying to understand

Richard Glomski: I know what you're trying to say

Bob Cowan: How do we get more weeks out there? I don't know how many....What the price of a condo is now. We paid \$6600 some people paid \$10,000...whatever it might be but...How does the Association get

Richard Glomski: We don't

Bob Cowan: weeks back into the hands of people for less than \$5000 or \$10,000 bucks. I don't ...

Richard Glomski: Well, we are... I mean... The highest price we're at right now is \$2500. That's the highest price for a week.

Bob Cowan: That's it?

Richard Glomski: And if you...there are some available for basically free or for the dollar like he offered it before but those you get locked into for life. You have to find another person... or no... more than life. They're your property ...and that's where it is. I mean there were years ago...a lot of the timeshares did have a 20 year thing on it and then people were complaining because after 20 years their money went away. They didn't like that idea. So then they actually changed it to a permanent ownership...Which probably wasn't a betterment for some people. But it's a... I know where your coming from but we don't...that 700 weeks...we don't have 700 weeks to get rid of... we have 75 about.

Bob Cowan: 75?

Richard Glomski: Yes

Bob Cowan: Well just one last thing. The wife and I have solved this problem. I'm not in any urgency...Ah, I'm not ready to sell my condo because what I'm gonna do....We raised 7 kids...They caused us a lot of problems...(Crowd laughing) When we die...those kids are gonna get that week. And don't give a damn how they pay for it! (Roaring laughter and applause)

Richard Glomski: (laughing) Thank you!

Man from crowd: Mr. Chairman I do have a comment.

Joe Jacobson: Yes

Dave Wusterbarth: My name is Dave Wusterbarth and I am a happy owner of a 2 bedroom red week

Crowd: Yea!!!! (clapping)

Dave Wusterbarth: and a happy owner also of a studio red week. I think the Board has done a phenomenal job. I think it's totally presented what you guys accomplished. Your average resort Association whatever else it might be...The condition we were in 10 years ago or so may not have made a recovery.....This is phenomenal. You guys have done an outstanding job!

Crowd: Yeah!!!! (Clapping)

Richard Glomski: Thank you!

Dave Wusterbarth: One other item. I bought... I spent \$1500 on getting my two bedroom...super cheap! I have been using it every year, ever since. It is well worth every penny and more. The key is get to know people around you. We may have an opportunity to rent an extra two bedroom. Um just by talking to people so rent is key. If you know you're not going to use it, find some way to rent it. You'll at least get your maintenance fees. I thank you.

Crowd: Clapping

Joe Jacobson: One thing I wanted to clarify on your comment on those 700 weeks and somebody did the multiplication on the dues...Long before we were part of this property...We didn't start this property as you all know. We came in later on with investors. The whole premise of the idea was.... that it was set up and you can go back and read your disclosure book... the bylaws were that the developer who built the properties didn't pay dues on the weeks. The person did when they bought them. And I think the idea of that... it predates me but I'm just using my own logic was...Well, if there is nobody in there using it that week there shouldn't be wear and tear on that week and cleaning and maintenance and so forth. So like the weeks we have and when someone did the math before...they were sitting there. They weren't being used. And obviously, if we would have had to pay maintenance dues for all of that year...maintenance fees we would have figured out some way to give them to charity or do something to get rid of them because I can't stay 700 weeks a year and I only have three siblings that were part of this. Um...but that's why we came up with a way to get rid of them. I just didn't want people walking away and thinking that, that's why I think it was set up that way. If you think if they set up a brand new building and they sold the first 10 units and there's 42 other units in there...well, there wasn't people staying in there and doing wear and tear 52 weeks a year. So I believe that's why it was set up that

way...I'm not certain but at this point in time...I'm basing... the developer is basically out of inventory so that's a situation that no longer exists. Just a clarification there....

Richard Glomski: Yeah to what the gentleman said before...when I first came in to this we were... we had 3 years of back taxes....the buildings were in bad repair and it didn't look good. And we were borrowing from the management organization to pay our bills by the end of the year. So we had went through... we had charged one...um fee that one year...one special assessment for \$100 and that's the only time that we did that and with that \$100 we did some marvelous things. We did... we got rid of the tax burden that we were on. We started remodeling. Which cut... we did a lot of that. We did use every dollar that we had at our disposal without paying the government any taxes or whatever because we were using all our money up and so forth. And since that time we've managed to get on a, um, that we don't have to pay taxes because we're a homeowner. We got an Association deal so we're actually...don't have to pay income taxes unless we make an income or whatever that we would distribute an income some place which will never happen. So we are in a much better place than we were, like the gentleman said, 8 or 10 years ago. So it's ...um and I don't think we're done yet. There's a good possibility we can do a lot of good things yet to make this better than what it is. So if there....We got one more question?

Rosetta Sebastian: Rosetta Sebastian from (mic tipped over) Is it working?

Crowd: Yep

Rosetta Sebastian: Okay! I thought Green Bay Packers was a good time for the Fox Hills all the time. So now that they are building big up there...This place should fill up a little more. So.

Richard Glomski: I think we're pretty full on Green Bay Packer weekends already are we not?

Board: (Inaudible)

Richard Glomski: Yeah we're pretty well...It's been

(Both talking at the same time)

Rosetta Sebastian: Well, but people... but you have that convention center so people need to fill that....

Richard Glomski: Yeah...they've...the Packers are evidently a big draw for us. I think that whole facility up there is an attraction that Fox Hills actually has at its finger tips too. So I think, you know, as Green Bay does more things that only helps this area too.

Rosetta Sebastian: Okay! Meetings gotta get over with!

Richard Glomski: Yes. I agree with you.

(Murmurs from the crowd)

Richard Glomski: Ah the next...the next...Oh! We got one more? Two more... alright...two more quick questions because then we gotta get to eating pretty quick.

Cathy Campbell: I don't actually have a question. Um, I wanna...the gentleman that was in the red shirt...I agree with him 100%. And Vicky knows that I come to the resort a lot. I live only 7 miles away and if there's a problem or I hear one of the guests complain about something...I let Vicky know. It helps keep us without RCI hearing everything. So.

Crowd: Laughter

Richard Glomski: Yeah, we wanna take care of whatever problems we got.

Crowd: Clapping

Unknown Man: Quick question - they're talking about 75 units that you own. How many units are at Fox Hills total?

Vicky Anderson: (inaudible)

Richard Glomski: 5,400 weeks or 5,400 propertiesum yeah... The next owners meeting will be April 21st

Crowd: We got one more...

Another Unknown Man: Sir, one question yet.

Richard Glomski: Okay. One more....

Another Unknown Man: Ah, has our accountants ever taken into consideration when a unit is not being utilized, it is a right off against a business and two, is the building depreciated by our CPAs?

Richard Glomski: Right now we're not...we don't have to file taxes... (Board Members inaudible) We file taxes but we don't have....it doesn't do us depreciation or anything doesn't work... (Board Members inaudible) Yeah I'll let the accountant answer it. (laughter) But it doesn't apply.

Ann Bonneville: Okay, the building is not depreciated on the books of the Association because the building was built by the developer way back 40 years ago. However...

(Both talking at the same time)

Another Unknown Man: Did anybody

Ann Bonneville: So the cost of the buildings is not part of the Association. The cost of the building was never part of the Association. They only pay for maintenance and repairs. Those costs would be reflected on our (inaudible)

(Both talking at the same time)

Another Unknown Man: So your saying builder had that opportunity to depreciate the building.

Ann Bonneville: Correct.

Another Unknown Man: And as a business that's being run...You cannot depreciate the building because it's not being used?

Richard Glomski: We're only an Owner's Association. You people are the owners.

(Murmurs from the Board table)

Ann Bonneville: The Association didn't buy the building so they can't depreciate the buildings. Okay. As he said you own your 1/52 of each part of your unit of your building.

Another Unknown Man: That being said what happened if the ownership got together signed a whatcha call it that this is a business? And we want to depreciate it!

Richard Glomski: Then we'd pay taxes.

Ann Bonneville: Well....

Another Unknown Man: What I'm asking you is... has a CPA ever approached that

Richard Glomski: You are talking to a CPA there.

Crowd: Laughter

Another Unknown Man: What I am driving at is, has a CPA ever approached that angle as a write off? Because this being a business...If the name of the building was changed or that the Association changed the name... under the IRS laws. Those laws change constantly.

Ann Bonneville: You are correct...the laws change constantly. (Chuckling)

(Both talking at the same time)

Another Unknown Man: And with Trump they're gonna change again!

Crowd: Murmurs

Crowd: Murmurs

Ann Bonneville: It's not...you're only going to get to depreciate something you paid for. You don't get to just make up depreciation because a building has value. It only comes with what you paid for it not from something having fair market value.

Another Unknown Man: Alright as an owner I hope that the CPA stays in tune with the changing laws by the IRS.

Ann Bonneville: Yes. (Chuckling)

Another Unknown Man: Thank you.

Ann Bonneville: As Joe said right now we are... we file as an 1120H if that means anything to any of you....which is a Home Owners Corporate return. There are no income taxes paid on that. Okay. That means we can't have profit on the bottom line here and we don't pay any taxes on it....Because we can... All of our money comes as part of the Association. All of our expenses are for the Association. We would only have to pay taxes if we had earnings on things that were not related to the Association as a whole. If we did things for individuals like...um pool parties or something where you had to pay a fee. Things like that would be taxable. We don't do that.

Richard Glomski: Okay? Everybody understand? If not you can talk to us after while. Like I said the next Owners Meeting is April 21st. Easter is on the 1st next year. Um so that being said I think it's almost time...there're probably a few minutes after we're done here....They'll start working on setting up the food so....I'm thinking probably 15-20 minutes after we adjourn they'll probably have the food available. I would entertain a motion to adjourn. If someone...

Crowd: Murmurs

Richard Glomski: Ah, state your name.... Okay. James Fenway. Treadway

James Treadway: (barely audible) the Kaukauna man....

Richard Glomski: and what was the other name? The second?

Unidentified Man: (barely audible) I second it. Noah Borkenhagen

Richard Glomski: You got that?

Vicky Anderson: Yep

Richard Glomski: Okay. We had a motion and a second to adjourn. All those in favor?

Crowd: I

Richard Glomski: All those opposed?

Crowd: Silence

Richard Glomski: Okay the I's have it. The meeting is adjourned! Thank you for everybody attending.

Crowd: Applause