

Annual Owners Meeting

April 16th 2016

1pm

Richard Glomski: I would like to call this meeting to order this Saturday April 16th, 2016, time...we'll call it one o'clock. I'm Richard Glomski, President. I would like to introduce the board members and management team. On my right we have Amy MacMillin-who is our member at large, we've got Kris Mattes-the General Manager of the resort, on my left we have Joe Jacobson-he's head of our management team, Ann Bonneville-Treasurer, Richard Isely-Vice-president and Vicky Anderson-Secretary.

I would like to give a special thanks to the staff that set up the party last night. I think it was a great party and thanks for all of you for coming. It was a good time and they did a good job of setting it up. I would also like to give a special thanks to my fellow board members who have really worked hard this past year and carried through some tough situations we fell into this year. We have also established a quorum. We do have a quorum for the meeting-this was brought to my attention. A special thanks to Kris who has been our, she does all the organizing around here and plans the activities and makes the stay pleasant for our guests. Also, a special thanks to Joe and his management team. They've done a fabulous job of keeping this place up. We've got new pavement out there in the parking lot. That's a great improvement out in that area. We've retained Gold Crown for the third year in a row now. (Clapping) This is quite an accomplishment, but we still need your help with this. When you fill out those comment cards, make sure you give us good scores. Our website is going to have a face lift; we are going to remodel the website. This should be done in July so it will look a little different. It will still be the same address, but remember to go to it for information, new items, reminders; board member's e-mails are on there...ways to contact us, so look at the website. We'll try to keep everything we do or when we change something on there. We have no increase in maintenance fees, for quite some time now and we do not see any increase in the near future. (Clapping) We did quite a few improvements over the past year, but Joe will go over that later on. I think I will introduce Joe here...

Joe Jacobson: Hi. Good afternoon, thank you for coming. We can go to page 2 for the financial report. They do have balance sheets up here for any of you who want one later. You can see there are numbers there in the notes on the left side. There are explanations on the next page as to what that all is. Some of you may have looked already and maybe not. I'm not going to go through every item but I am going to hit the high points and then if there are questions, obviously we have the question and answer time. You can see that wages and salary, the first part is dues revenue and we have held our own there. So let's do the columns, the first column is 2015 actual on the left and 2015 budget in the center column on a cash basis not accrual and then the 2016 budget on a cash basis so you can kind of see what we are thinking for next year as well, or the current year, I should say, that we are in. So you can look at the wages and salaries were down, in our actual and we are budgeting even less next year and you will find that in note 5. The reason that is less is we are always watching our wages but we have outsourced

some of our laundry and linens and so forth. Accounting did a lot of research for that and it won't cost us any more money and we will have a nice fresh product. If anyone is staying out there, you will see what I mean. That is where some of that savings is going to come from. This just started, so the \$518 vs. the \$552 budget in wages that is just your management team, Kris and Vicky, doing a really good job of managing your resources here. We are also doing a lot more jobs in house. For instance, the 6 buildings that were painted were done by the maintenance staff and I think they look very nice out there. So it's not like we are cutting down on the work we are doing out there. We actually did more work in house and got more work done with less and it just comes with experience and learning how to do things better. You get farther down and obviously you see trash removal that would be item 8. We are not doing as much of the renovations, we are still doing some things like carpeting and stuff but not like when we were doing 6 or 7 buildings a year like when we did that 3 years of renovations and renovated them all. So you don't have dumpsters and you aren't hauling away as much trash and carpet and things like that. Electric and gas down a few more lines, you will see that we're down. Part of that is the cost was down but remember we are looking at 2015 and the cost wasn't down that much like it is this year. A lot of that is the improvements, we continue to change the air conditioning/heat units in the rooms are called P-tacs, package terminal air conditioners. 6 or 7 years ago almost all of those were original from the 80s. We're now over half way done. The ones we are putting in are heat pump units and they are more efficient, so they save on both heating and cooling, whatever is being used. We've been putting in more efficient water heaters, everything we do out there; LED lighting. We try to take into consideration your dollars and you can see that in the utilities and the water/sewer has gone down. Here's a nice one-real estate taxes, notice we are down almost \$20,000 dollars. Mishicot had a reassessment and we got our taxes lowered. That is something we have battled with them since we got this property. We actually sued them and didn't get very far, that was one time back in the 90s. But in this last reassessment they agreed with us. They didn't really know how to do timeshare...it's not someone from the village, they hire a firm...and they were doing them like apartment buildings which are income generating. We argued with them all along that your condos are just like your house and shouldn't be assessed like income generating. So we got them to finally go along with that this time and it's a nice reduction, \$20,000 a year. If you go down to second from the bottom, depreciation, you will see that it is a large number. Part of the reason is depreciation is fixed assets and we have to depreciate them by taxes and some of them have to go in there. That is where your asphalt went \$156,000.00 because it has to get depreciated. Up above you won't find, you will probably wonder how we spent that on asphalt when we don't under renovations and things like that we don't have that kind of money. That's where it is in the budget, or in the actuals.

Richard said we would talk about things we did last year. We did that asphalt project that was \$156,000. We also painted 6 buildings, did a couple more roofs, 30 P-tacs, 3 buildings got brand new windows and patio doors, a building and a half got carpet. We are 80% done carpet-wise. As we told you before, if the carpeting is good yet we don't just rip it out when we are renovating, if it is good yet. You get down to the bottom line, the net income, the board has decided we should put \$10,000 of that into reserve fund...all that means is we are going to earmark that in another account. If we would need that for something, the board can decide to spend it; but we are going to try since we aren't running deficit. We are going to try to put some money away for a rainy day fund. Then we don't need to do special

assessments in the future, if possible. We haven't done any in quite a while but the plan is to slowly put some money in an emergency fund. Last year it was approved to do a reserve study and establish that. We don't plan to put big money in there, but we would like to have something in there in case an emergency came up. If you go down to the second page, third page I should say, where it says financial statement notes. Way down at the bottom - these are some of the big ticket items planned to get done this year; 4 more roofs, 2 more buildings with kitchen cabinets, 2 more buildings with patio doors and windows, 38 more P-tacs, hot water heaters as needed, we painted 6 buildings last year and we are going to try to do at least 6 more buildings this year-weather permitting. That is about all I have on financials. Any questions you have I will be happy to take during the question and answer time.

Richard Isely: I would like to thank everyone for coming and spending your Saturday with us. It's lousy weather out there so you might as well stay here and enjoy us (laughing-weather was very nice and sunny). I'm going to talk a little bit about our resale program. I mentioned this last year, due to some bankruptcies and court ordered foreclosures so what we did originally is we offered them to owners and family for anywhere from \$500-\$2,500 with a 5 year buyback option. Since we have more inventory we are now going to open this up to RCI inbounds. One of the things I want to point out is - I heard last night at the gathering that people are in weeks and want to go to points with RCI. Well, by buying one of these weeks, you get the RCI points program and it will include your original week at no additional cost. This will make your exchange and travel easier and it will open up more inventory. We do have limited inventory and it can change all the time. You can call Vicky and ask exactly what's out there. If you have any questions, please feel free to chat with me after the meeting or you can get a hold of Vicky with any questions. Thank you.

Joe Jacobson: I kind of skipped resort affiliations under sub-committee reports. Richard told you we are Gold Crown and we are again for 3rd year and on pace to do it again for the 4th. We did it last year with a few challenges. Obviously the people who stayed here during the week of the asphalt weren't exceedingly happy, but we did let them know ahead of time. Our reporting period runs August through August [actually September-August] so we also had the pool down that same reporting time to put the new floor in there. In spite of that we got it done which is a real compliment to the team here. When you take a few weeks and you really have to be nice to those inbounds because if they're not happy, they don't give you good scores. So as your president said before, we want you to make sure you give us good scores. Doesn't mean we want a free pass, if there is something that doesn't meet your standards please let US know. We want to fix it but Fox Hills owners can help with getting Gold Crown by giving us good scores with RCI. You can fix it without giving us bad scores; you can e-mail any one of us, go see Kris, go see Vicky or call me/see me. You can get a much better result that way. II (Interval International) we only had 11 people who traded in with them, they are similar to RCI, we only got 2 comment cards back from them. We will do the video conference call with RCI, as we have in the past years, but it will be in the Riviera Room which is just down the hall. That is going to start after the meeting and run until 4pm. Kris will be down there with some other staff to help you. When this meeting is done we will have the lunch in here. They might need a little time to set up.

Operations, staff and administrative management- We got this bonus time handout that you all saw. There isn't much different here, these are rules that always were. The reason we clarified this is because

99.9% of you are doing exactly as you should be. If you don't know what bonus time is-if the resort isn't full, we make this available to the owners at a reasonable fee. Most of you we don't have an issue with; but we do have people who have gotten bonus time and then turned around and sold it, so then this isn't an owner coming in and this time should be reserved for an owner. The reason for rule number one and is the only thing that really changed on this, we had a fire here while someone was here this year and it was a family member of an owner. But when they came in they said they were the owner, but for the fire department and insurance we need to know who is in the unit. In the event of an emergency, we need to know who is on our property. We will require a picture ID from everyone checking in. Because we have just a few issues from some people, most use it just fine and take advantage of it, we just wanted to clarify that. If you have any questions on that we can do that during the question and answer as well. Staffing we have Hanna as the vacation Rep. and has been here almost a year and Laura is the new activity person and they work for Vicky. Let me look over my notes and make sure I covered everything...oh, I see one financial that I didn't go over. Under 7 professional fees, strategic inspections that \$6750 that was a one time deal, that is the reserve study. Before we could just start putting money away the state of Wisconsin required that we do a reserve study and you all voted on that, for us to do one to see if we needed a reserve fund. They did a very thorough study of roofs, sidewalks, everything out there and they put it on a long term spreadsheet. It's good to have that available and know we are on the right track here. Ok, have I missed anything here? I guess we will open it up to questions and answers. What we need you to do is come up to the microphone and state your name and then ask your question.

Mumbling.....barely audible. I have a question on number 8, you are excluding service animals.

Joe: We can't exclude service animals, this is just for pets. Ann & I have a niece that is blind so we understand that.

(man speaking in background) I have a daughter and most places won't take service animals they either come with a \$100 cleaning fee or they tell you they won't allow it. It's because of people with allergies and they have to clean the place special after an animal is in there.

Joe: We will have to look into that. [Clarify....law is you can't charge for a service animal and they MUST be allowed.]

Jim Treadway: I was here two years ago and had a question and no one had an answer so I will ask it again. When you are weeks you can plan two years in advance, but when you are points you have to wait until 9 months, does anyone know that?

Vicky Anderson: Most resorts, not Fox Hills, points owners can only book back into their home resort without a fee 12-10 months out. RCI needs to wait until these owners get to book back into their resort first before they can offer this inventory to other RCI members. This is the reason for this.

Joe Jacobson: If I am understanding this that's a protection to the owner of that resort, like ours.....

Vicky Anderson: ours don't ever pay

Joe Jacobson: Correct, but we had to fight for that....Vicky Anderson: we did.....

Joe Jacobson: That is the rule everywhere else so we are one of the few exceptions. If I own at Grand Geneva and book 8 months out, I would pay an exchange fee because I didn't do it in the 12-10 month window. We don't have that. So that is the answer to the question. They should have a better way of doing that, I should think but that is at least the explanation.

Barely audible lady: last year they were charging me to come back in to my home resort and I said forget it then I am not booking it.

Joe Jacobson: Then just get a hold of Vicky because they aren't supposed to do this.

Vicky Anderson: The only way to not get a charge is if you book through a supervisor, for 7 nights, in the same season you own and in the same type unit you own. If even one of these isn't done, you will pay a fee. This is in points.

My name is Ray Ogea, I am from Sheboygan Falls, and I got a question on this buy back. Instead of changing what we own to something you got, why don't you let me pay 5 years maintenance fees and then I'm out. Let me pay maintenance fees on the bigger unit for 5 years because I don't know if I can drive down south anymore.

Joe Jacobson: ok, the board heard you so they can discuss this.....long pause.....Pretty calm group today, usually we have more questions than this.

Voice from crowd: We could take politics (laughing)

Joe Jacobson: Oh no Ray, you can but I'm not. (laughing).

Cathy Campbell: Hi, I was wondering if there was any way we could spend some money to fix the floors in the Rec Center locker rooms. They are so slippery and you see so many slipping around there.

Joe Jacobson: Ok that's a very good point. We wanted to see how the floor worked out on the pool deck. What does everyone think of the pool deck floor?

Comments from crowd...Joe-good (clapping).

Joe cont. – and that actually came from a recommendation from an owner. He might be here. He comes every year and he saw it at another resort. He told me about it and we called that resort and talked to their management company. They put us in contact with the contractor so it came from a suggestion by someone out in the group. It a nice floor, feels comfortable when you walk on it. I don't know if we can put the exact same thing in the bathrooms or not we will have to check on that.

Diane Tappa: I know that we can sell our timeshare or we can will it to our kids but in trying to figure out who will pay the maintenance and who will get the points. What happens to my week?

Joe Jacobson: Well, it is like property you can put it in your will or if you decide you want to sell you can call Vicky on Monday to discuss ways to sell it. It is a deeded piece of property like your house. It will

either get decided by your will or what probate decides to do with it after. Vicky can help you with this. Call Vicky.

Ms. Tappa: Someone said to just stop paying your maintenance fees. Well we would never do that. We can't just drop it even if we just want to be done.

Joe: Well there have been some people here some years that did just what you are doing, I think it was last year a fella said he wanted to give two weeks away. He had about 10 people that wanted it. I wasn't going to mention this but I am going to mention it anyway..We have as you know, we own some weeks and I think I have a deal done, it's signed, to sell all those. That individual is a resale company, they buy the weeks but they sell points to people who want to buy a vacation. He's located in California so it has to go through California regulators so they to approve Fox Hills Resort to be a product that he can sell the points of in California. If that goes through, which it is all signed and it is just up to the regulators, at that time the developer inventory will all be gone and he has said he might be interested in some other weeks. As most of you know, we have tried several different resale companies over the years Wroman, Compass, Bi-Coastal all made big promises that they could move this stuff and help not only me and my family get rid of the weeks we had left but help you the owners who wanted out of their timeshare. That hasn't worked very well; they made a lot of promises but didn't deliver. If this works, we might have an option in that where somebody would be happy to take it off your hands. But we have to get through one step at a time; I wasn't going to bring it up unless somebody asked. We should know in 3 to 4 months if this is a deal, but the good news for the association is then there are more weeks getting dues in and it may give us an outlet to move weeks that come back through bankruptcies, foreclosures anything like that. Our goal is to get dues paid for as many weeks as we can and then we don't need to ever raise dues.

Unidentified lady: ok, on the points system if you are going to book with RCI for your resort, I have a deal and not too many have it, where I can rent my unit back to Fox Hills. But I was told that if I want this I have to call in the month I want my week posted for Fox Hills.

Vicky Anderson: Sandra you just need to book it in the rental weeks 21-39 but Sandra see me after because this doesn't pertain to almost anyone else in here.

Lady in audience: I just write it on my calendar

Sandra: I was told if I want it in June I have to call in June. Another lie that's all I get from them.

Lady in audience: No, talk to Vicky she is wonderful! (laughing)

Joe: Did you hear that Vicky?

Sandra: Vicky might be fine but RCI isn't.

Hi Kurt Keller: Can you give us an idea of how far we are sold out?

Joe Jacobson: Well if this deal goes through you will be 100% sold out. Vicky how many does the association hold that you took back? Mumbling Joe: ok, so there is about 50 weeks owned by the association. If California agrees all of my time will be gone for the first time ever. There are 3 parts to the answer: if California agrees, all my weeks would be gone. Then there are about 50 weeks that are deeded to the association. Then there are weeks that are in collections because they are going bankrupt or not paying, being sued but they are still deeded weeks. So my weeks are 700 and some weeks. Richard had to sign the deal (because the association had to agree that they would be treated like every other owner) because he is making a sizable investment in Fox Hills.

Kurt Keller: ok, then follow up question, your 700 plus the 50 or so how many is that toward the total of all weeks? What percentage would be owned by the California company?

Joe: Oh, well he would own 800 out of 5400. That is a good question because my family wouldn't sell unless the board was ok with it. Could they come in...there's not 800 people here...and out vote us. The deal we negotiated was that they have to give their proxies to the board of directors. Right now the reason we can declare a quorum is because state law is there has to be 10% present, well there isn't 500 people here but every year I am here with my 700 weeks so we can declare a quorum. I don't vote my weeks by the way, there is nothing that says I have to vote them but I have to have them to have a quorum. So we got them to say the board of directors...to give them their proxies or give them notice they are going to vote their weeks. If they would come and vote their weeks and try to do some kind of hostile takeover they could only appoint one board member a year so after the first year the board could notify all the owners and get people to vote against it. It was a big concern and we made sure we check with your attorneys on how we could handle this. We also checked with our attorneys for the resort because we didn't want to open up a can of worms for any of us. Very good point, I am glad you brought that up because if you didn't bring it up and I didn't say it, I am sure someone would have been thinking it.

Beverly Bitter: I was wondering now that we accomplished getting the RCI Gold Crown for 3 years in a row, when and if do we ever get more points value for our time.

Joe Jacobson: Well, I think some of you will remember last time RCI was here they said when you get to Gold Crown you will have more value. Someone has asked Vicky or me each year since this happened. I have talked with RCI and they have said well what if you go back to Silver Crown then we would have to lower them, they were basically snowballing us. Finally yesterday I got a call where they said we will give you paperwork where you can look at changing the points. I asked what do you look at for this and was told they look at the last 3 years comment card scores. I told them I don't like that process because we have been Gold Crown for the last 3 years so you won't see any difference. I suggested they look at the scores from when we went to points. They said well that was a long time ago and those records are archived and they don't know how to get them. But she is going to send me the paperwork and we are going to work on this. For the last 3 years they have said it wasn't possible but before we got it they sat here and said when we get Gold Crown the points would go up. Most weeks owners have all said that you saw an increase in trading power when we got Gold Crown. Their talking about this now so that is progress so thanks for asking the question.

Unidentified lady: Very quickly, I hope, my husband and I have owned since 1986. He passed away in 2013 and I did not go to the point system because I decided that I and my family will only be coming to Fox Hills so we won't be exchanging. I am being inundated with mail saying get out of your timeshare and I want to know is that legal with you or what? I have a friend who owns at Fox Hills and they just paid a company \$3,800 to get out of their timeshare.

Joe: That is exactly why your board has said....some have paid \$5,000 or \$6,000, that's why your board has said if you're going to do that you can do it with them for \$2,500. They are going to put it with LLC's which is not allowed in our association; in fact our own Vicky Anderson has been talked to by the Attorney General's office to be a witness in some of these cases because they are suing some of these people. What they do is take your week and they have an LLC and they dump them in the LLC, which is a Limited Liability Company so they keep putting these weeks into Joe Joe, LLC until resorts get their attorneys after them for not paying their maintenance fees. When they start getting too much heat they walk away from the LLC and there is nothing you can do. Then they start another one. They open up Ann Ann LLC and that's what these people do for a living. It is basically legalized theft is what it is. They are stealing from your home owners association. They aren't paying the dues and worse yet; we have to hire an attorney to get the weeks back because we have to foreclose on them. Laws are being changed in several states and they are prosecuting these people, we are now one of them. The problem is that when they can't do it in one state they go to another. The attorney general is pursuing this and they have asked Vicky to be one of the people who testify. People are finding out that they pay the money and they find out the deed was never transferred, so here there still stuck with the week. That's why the board said if they are going to pay somebody else that money we will take it back for \$2,500. We made it the lowest of what we heard people were paying.

Unidentified lady: There were 3 of them in Appleton that just went to jail; I think it was last year.

Joe: Correct

Unidentified lady: I think it was \$2,500 they were asking you pay and the deeds were piled up on their desks never transferred. So they got the money and your deed was just put in a pile.

Joe Jacobson: I am not saying there isn't anyone legitimate out there; I am just saying do your homework. Go online and check references or talk to one of your board members or talk to Vicky. That's why the board actually put the plan in place. If they are going to pay somebody else we will charge the lowest amount and take them back. Most people would rather not have to pay but that's why the board did that.

My name is Susan McLaughlin and is, we get phone calls from people wanting to buy our timeshare but they know that we have it at Fox Hills. How do they know that information?

Joe Jacobson: I don't know if RCI gives it out but we don't. Actually anyone can go online now days and get the information off the Register of Deeds website. That is one of the problems with the information age.

Susan McLaughlin: even from Florida and California?

Joe: yes, anyone can go on there. It's a public record so as long as the Register of Deeds is online anyone can go on there and find out information. You can find out how much your neighbor sold his house for, you can find out anything.

Susan: ok.

Joe Jacobson: By the way, thank you all for coming and thank you all for all the good suggestions over the years. It makes my job easier. (Clapping)

Richard Glomski: This is Laura Frye she is a candidate for the open board position. The result is Richard Isely he had 86 ½ votes (due to alternate year owners, every other year) and Laura Frye had 11 votes. (Clapping)

After the meeting the board will go down and re-elect officers. Video conference will be in Riviera room.

Drawing from RCI: Two certificates for 1 RCI week. Winners are Diane Vandermause and Pat Campbell. Congratulations. Various other things were provided by RCI...blankets, golf balls, etc. Thank you RCI!!!

Richard Glomski: We need a motion to adjourn please step up to microphone

Henry Frye Jr. move that we close the meeting,

Paul Marquardt, I second. All approved.

The meeting next year will be on April 8th because the 3rd week will be Easter. Thank you all for coming.