

QUARTERLY MEETING OF THE BOARD OF DIRECTORS MINUTES OF MEETING: MOUNTAIN CLUB UNIT OWNERS ASSOCIATION

July 31, 2019
Mountain Club on Loon
Lincoln, NH

Present: Ken Lowe, Bob Bleakney, Joey Bonang, Don Damon, Nancy Kaye (recording secretary), Jeff Owens and Carolyn Pantazelos via conference call

Guest: Jeff McIver, Phil DeCato, Catherine Miller, Rod Pelletier

Meeting held in Room 1044, Kinsman Suite.
Called to order at 9:10 by Ken Lowe.

Treasurer's Report

Don Damon reported that the Finance Committee met on July 30th. The Subcommittee of this committee meets monthly with management and is currently working on the 2020 budget. Revenue for first 6 months of 2019 was \$1,516,973, the best ever recorded. REVPAR continues to grow over last year. Jeff commended Catherine for the superior work she has performed since stepping in to cover the controller position.

Secretary's Report

Nancy Kaye reported that the Secretary's Report, which was circulated to all board members in accordance with the law, was accepted as written. Moved by Bob Bleakney. Seconded by Joey Bonang.

Capital Projects

Phil DeCato reported that total capital spending for 2019 was \$552,762, including room reno, leaving \$94,990 in reserve. Room reno came in under budget by \$95,000 plus an additional \$552 savings in picture frames. Savings attributed to experience, using same contractors for all the rooms and doing much of the work in-house.. All Club Rooms have been completed, and two Studio prototypes are finished. New dining room tables in Grand and Kinsman. Updated pricing now at \$18,000 for Studios, \$18,500 for Regency (\$3,500 for kitchens). More labor intensive for studios, particularly disassembling of the Murphy beds. Phil is reluctant to commit to completing 20/25 units per year. He suggested starting with the 9 Regencies in Phase 1 or 13 Regencies in Phase 3. Suggestion to install shelving in the empty spaces in the Studios to add needed storage space. Phil proposed buying all furnishings at once and storing items until needed to secure savings. Possibility of using dining room chairs in Seasons.

Jeff proposed adding meeting space by filling in the opening between the level 9 and level 10 with flooring, creating much-needed conference space as well as social space for owners and guests. It would also eliminate the bottleneck during bus season by off-loading the passengers into their own dining room. He presented a drawing depicting the future space with glass walls, encompassing his office and part of the lobby in addition to the filled-in floor. Co-joining this with Seasons would create room for 220 people. He proposed naming it the Liberty Room. The projected cost would be in the vicinity of \$200,000. Motion by Don Damon, seconded by Joey Bonang, to spend no more than \$15,000 for a feasibility study. Motion approved unanimously.

New Hires

Jeff introduced Sam Brown, chief engineer, replacing Matt Dutilly, who moved to the Spa, and Alan Matthews, who is now assigned to Housekeeping. Dee Cahill, VP of Sales, replaces Lisa Tetreault. Krista gave her 2-week notice on June 30th; and Dee has already hired her replacement, who is from Loon Mountain. Payroll person resigned at the end of May and has been succeeded by a recent Plymouth State graduate.

General Manager's Report

In June, employee benefits were transitioned from ADP and brought in-house; they will be administered by Richard's of Hanover, NH, at significant savings. Moving payroll processing to Paylocity will also realize substantial savings. ADP charged 2.1% of payroll, which included tips for wait staff; Paylocity charges do not include tips. There will be a reduction in credit card costs by switching to Union Bank, the transition to be completed by the end of the 3rd quarter.

Replacing the Pace Report is Jeff's "Almost a Forecast," reflecting Social, Group and Total S & G - past and potential revenue by month plus possible pickup for each month. If current revenue, booked revenue and possible pick-up stay on track, total would be \$3,561,346 for the year.

Year to date profit is 92% of budget but 5% over LY. At the end of the first quarter, profit was 78% of budget, but there was a 14% gain in the second quarter. Owner distribution down by 3% but 5% over LY.

Jeff handed out detailed Team Visions for the Future encompassing a Strategic Plan for Food and Beverage Staffing and Position Structure.

New Business

None

Old Business**COMP POLICY**

Lengthy discussion regarding the 72-hour lead time for potential guests to make comp reservations. The consensus was that three days is not enough time to make plans, particularly if they include airline reservations and other arrangements that must be made well in advance. Current policy has a cutoff at 80% occupancy. When occupancy reaches that threshold, Jeff M. pays for comp rooms at 50% of REVPAR. This policy takes effect when staff stays over or guests are comped. Board comps and Loon comps are not reimbursed. Discussion to raise threshold to 90%, which Jeff M. agreed to.

AMENDMENTS TO COMP POLICY

Two motions by Jeff Owens

(1) Management to establish policy on comps, paying owners if occupancy reaches the 90% threshold. Owner compensation calculated on REVPAR for that day multiplied by Owner Distribution Rate. The policy applies to all comps: board, guests et al. Seconded by Don Damon. Discussion on subject as it concerns board. If occupancy exceeds 90%, Jeff M. will charge board members REVPAR distribution rate for the reservation. If 90% threshold is met under standard comp policy for any board member who is comped, management will charge the board account REVPAR for any day that exceeds the threshold equivalent to REVPAR that day times the Owner Distribution Rate. Board will review every year both the expense incurred under the policy as well as the procedure. Motion passed with six in favor and one opposed.

(2) For high-occupancy time periods as defined in advance every year, management will contact the president 72 hours in advance to communicate to board members that reservations are available. If threshold is met under standard comp policy for any board member that is comped, management will charge board account for any day that exceeds the threshold equivalent to REVPAR that day times owner distribution rate. Seconded by Don Damon. Passed with unanimous vote.

Executive Session

Entered Executive Session at 4:00pm

Exited Executive Session at 6:14pm

Budget Meeting in Nashua on September 27th.

Meeting adjourned at 6:15pm

Respectfully submitted,

Nancy Kaye (Recording Secretary)