



**Hilton Head Island Motorcoach Resort Owners' Association, Inc.  
Board of Directors' Meeting**

**November 14, 2015 1:00 p.m. in the Clubhouse**

**Pledge of Allegiance and Moment of Silence**

**Distribution of prizes** from the crafters' charity raffle to benefit Deep Well and HHI Humane Society

**New owners present were recognized**

**Opening Remarks:** Charlie Kendrick gave an overview of the year so far:

Approvals include: Human Resources Policy, Profit Sharing Policy, Simplified "Rules and Regulations" and Asset Disposal and Replacement Policy.

Other accomplishments include: Formed election committee, added 18 owners in committees, developed concept for office Welcome Center & coach traffic control, improved Resort insurances and reduced premiums, communicated with owners via with Constant Contact, Located liability insurance for owners, Launched Social Club.

Decisions made include: replacing the 35 year-old defective electric transformer in Dec., replacing the concrete at Clubhouse with pavers in Dec. 2015.

In-progress items include: Reviewed By-laws for owner approval, Launched 90-Day coach covenant study, Launched Resort WiFi one-year review.

Items for future consideration include: re-survey owner satisfaction, continue publishing Directors' newsletter, survey owners about Resort WiFi, update Five Year Asset Schedule, update Five Year Strategic Plan, conduct 2016 Annual Owners' Meeting

**I. Call Meeting to Order**

**II. Roll Call:** Present in person: Charlie Kendrick, President; Ed Knot, V.P.; Marianne Riddile, Secretary; Tom Crews; Kevin Crouse; Don Beck. Present via Internet streaming: William Lynn, Treasurer.

**III. Additional Items/Announcements:** none

**IV. Approval of Prior Meeting Minutes**

A. March 28, 2015 Board of Directors' Meeting Minutes: **Motion 2015.11.14-1** to accept minutes previously distributed to the Board by Tom Crews, Second by Ed Knott, Passed.

B. August 27, 2015 Board of Directors' Meeting Minutes: **Motion 2015.11.14-2** to accept minutes previously distributed to the Board by Tom Crews, Second by Ed Knott, Passed

**V. Committee Reports**

A. **Marketing :** Marianne Riddile, Committee Chair presented a slideshow overview of some of the marketing efforts for the year including: hiring a new

social director, the Six Weekends of Summer event weekends, and Fall specials. All of these have shown a positive gain in occupancy nights as one can easily see from the graph posted in the slideshow. In addition, after extensive research the marketing committee has proposed that there be a two-season rate schedule established and that the rates for December through February be increased \$5.00 (off-peak season) and the rates for the rest of the year, \$10.00 (peak season). It was pointed out that the rates had not been increased since 2011, and that our current rates were second to the least expensive in a comparison of 13 high-end motorcoach/rv resorts. Details of the report appear in the 2015 Semi-Annual Meeting slideshow posted online.

**B. Elections:** Don Beck, committee co-chair gave the report. He reminded us that there are going to be three openings on the Board this spring, each for a three-year term. Applications will be e-mailed to owners in the middle of December and they will be due back on Feb. 1, 2016. We will be using e-voting again this year, as it was so successful last year.

**C. Social Club Update:** Charlie Kendrick reported that this "club" started in 2015 and now has 86 members. He identified the officers and some of the volunteers, and listed some of the up-coming events and plans for the club. These details may be found in the slideshow 2015 Semi-Annual Meeting posted online.

**D. Finance:** Lucinda DeSantis gave the report for the finance committee. The following are the speaking notes provided by Lucinda and they accompany the spreadsheets pictured on the Finance committee report slides.

**(Finance slide 1 entitled "Occupancy")**

	YEAR TO DATE SUMMARY				
	Occupancy	Gross	Average	401 sites	Rental
	by Revenue	Rental	Rental	x # days	Occupancy
	Collected	Revenue*	Rate	in month	%
Actual2015	9,456	\$ 467,126	49.40	109,473	8.64%
Actual2014	8,489	\$ 427,262	50.33	109,473	7.75%
Actual2013	8,152	\$ 387,352	47.52	109,473	7.45%
Actual2012	6,325	\$ 315,642	49.90	109,473	5.78%
Budget to date	8,204	\$ 420,092	50.00	109,473	7.67%
*lot rental only, does not include electric or rec fees					
					57%

"Comparing our Budget to date of 8204 nights and \$420K to the last two years the resort has seen an increase of 30% from 2013 to 2014 and an increase of another

10% from 2014 to 2015. Comparing actuals from 2012 to 2015 it is an increase of 57%. We feel this is a very acceptable increase. "

**(Finance slide 2 entitled "Revenues")**

SEPTEMBER 2015	Year to Date			Year to Date			+/-
	Actual			Budget			
	2015			2015			
	POA	LLC	Total	POA	LLC	Total	
<b>Revenues</b>							
Maintenance Fees	\$ 688,114		\$ 688,114	\$688,117		\$ 688,117	\$ (3)
Workorder Revenue	14,214		\$ 14,214	6,000		\$ 6,000	\$ 8,214
Site Rental		233,438	\$ 233,438		214,496	\$ 214,496	\$ 18,942
Real Estate Commissions		67,840	\$ 67,840		45,000	\$ 45,000	\$ 22,840
Transfer Fees	5,400	3,000	\$ 8,400	4,093	1,875	\$ 5,968	\$ 2,432
Recreation Fees	9,353	18,706	\$ 28,060	8,795	17,160	\$ 25,955	\$ 2,105
Water Overage/Laundry Rec.	15,299		\$ 15,299	11,624		\$ 11,624	\$ 3,675
LLC Office Rent	13,500		\$ 13,500	13,500		\$ 13,500	\$ -
Misc & Other	9,524	9,650	\$ 19,174	2,290	7,040	\$ 9,330	\$ 9,844
<b>Total revenues</b>	<b>\$ 755,404</b>	<b>\$ 332,635</b>	<b>\$ 1,088,039</b>	<b>\$734,419</b>	<b>\$285,571</b>	<b>\$1,019,990</b>	<b>\$ 68,049</b>

"The increase in work order revenue is directly attributed to breaker replacement. With aging pedestals and the weather conditions breakers are rusting and wearing out. Revenue for Breaker installation – \$3375; power washing the mold and slime from the accumulation of rain and humidity has increased it as well. Lot sales are budgeted at 24 lots for 2015, it appears that we will hit 35 this year. Suzanne will cover Real Estate more in her information. Transfer fees and Rec fees are directly related to the increase in Site Rental and Real Estate Commissions. Water Overage fees are \$3000 over budget. Misc & Other – Tree “donations” paid in lieu of replanting a tree were moved to revenue for 2014 & 2015 per audit - \$4500."

**(Finance slide 3 entitled "Expenses")**

SEPTEMBER 2015	Year to Date			Year to Date			+/-
	Actual			Budget			
	2015			2015			
	POA	LLC	Total	POA	LLC	Total	
<b>Expenses (includes salaries)</b>							
Utilities	\$ 195,013	\$ 20,078	\$ 215,090	\$189,237	\$ 21,535	\$ 210,772	\$ 4,319
Resort Contracted Services	\$ 186,651	\$ 5,739	\$ 192,390	\$185,898	\$ 6,172	\$ 192,070	\$ 320
Owner Rec & Functions	9,964		\$ 9,964	9,321		\$ 9,321	\$ 643
Maintenance & Repairs	62,184		\$ 62,184	38,363		\$ 38,363	\$ 23,821
Legal & Audit Expenses	15,330	9,650	\$ 24,980	12,000	8,500	\$ 20,500	\$ 4,480
Payroll Expenses	127,468	125,847	\$ 253,315	130,091	135,568	\$ 265,658	\$ (12,343)
Administrative Office Expense	18,133	32,929	\$ 51,063	21,360	31,699	\$ 53,059	\$ (1,997)
Insurance Expense	46,033	19,705	\$ 65,738	51,375	15,372	\$ 66,747	\$ (1,009)
Marketing & Advertising		39,148	\$ 39,148		45,579	\$ 45,579	\$ (6,431)
Bad Debt Expenses			\$ -	3,750		\$ 3,750	\$ (3,750)
Office Rent		13,500	\$ 13,500		13,500	\$ 13,500	\$ -
<b>Total expenses</b>	<b>\$ 660,776</b>	<b>\$ 266,595</b>	<b>\$ 927,371</b>	<b>\$641,394</b>	<b>\$277,925</b>	<b>\$ 919,319</b>	<b>\$ 8,052</b>
<b>Net income (loss)</b>	<b>\$ 94,628</b>	<b>\$ 66,040</b>	<b>\$ 160,668</b>	<b>\$ 93,024</b>	<b>\$ 7,646</b>	<b>\$ 100,671</b>	<b>\$ 59,997</b>

"Maintenance & Repair expenses are above budget due to several large unplanned expenditures for aging assets.

LED Pool Lights & Electrical Issues: \$4800

Pool & Spa Repairs: \$1700

Cost of Breakers: \$4200

Drainage Issues: \$1200

Lift Station Inspection & Repairs: \$2400

Common Area Tree Removals: \$5500

For at total of \$19,800

Payroll expenses are down due to two positions being vacant for a period of time (Activities & FD Manager) It should be noted that this expense will be budgeted at the same amount in 2016 therefore an increase from actual to budget for 2016 will be evident. Marketing & Advertising is down due to the cancellation of participation in Trade Shows for the remainder of the year after Florida.

Allowance for Bad Debt is % of receivables and should not require and additional funding this year."

**(Finance slide 4, "Loan Update")** showed the Balance as of November 15, 2015

Balance at end of 2014	\$ 215,251.34
Reduction of Principal	\$ 23,502.68
Interest Expense Paid	\$ 7,967.28
Balance as of November 15,2015	\$ 191,748.66
Total Reduction in Principal	\$ 41,659.64
Total Interest Paid	\$ 50,257.38
Interest Rate	3.8%
Maturity Date	12-15-2022

**(Finance slide 5, Revenue Budget 2016)**

	FORECAST			BUDGET			2015-2016
	2015			2016			INCREASE/
	POA	LLC	Total	POA	LLC	Total	DECREASE
<b>Revenues</b>							
Maintenance Fees	917,485		\$ 917,485	\$ 917,485		\$ 917,485	\$ -
Recreation Fees	11,909	23,694	35,603	12,000	24,201	36,201	\$ 598
Site Rentals		295,794	295,794		295,000	295,000	\$ (794)
Commissions		91,840	91,840		81,000	81,000	\$ (10,840)
Transfer Fees	6,764	4,250	11,014	6,400	4,250	10,650	\$ (364)
Other Operating Revenue	55,488	302	55,790	49,100	200	49,300	\$ (6,490)
Miscellaneous Income	7,015	11,808	18,823	4,000	10,000	14,000	\$ (4,823)
<b>Total revenues</b>	<b>\$ 998,661</b>	<b>\$ 427,688</b>	<b>\$1,426,349</b>	<b>\$ 988,985</b>	<b>\$ 414,651</b>	<b>\$1,403,636</b>	<b>\$ (22,713)</b>

"The forecasted numbers consist of actuals thru September 2015 and budgeted numbers for the fourth quarter. The Board Adopted a 5 year plan that would assure no increases in maintenance fees from 2014-2018 except for a calculation for inflation, all things being equal. The expected inflation rate for 2016 is 1.49%. This would be a \$34 increase. The Board has decided not to increase this year for inflation; therefore the maintenance fees will remain the same at \$572. If you recall from the Occupancy review that the budget for site rental has increased 30% from 2013-2014 and an additional 10% from 2014-2015. We do not anticipate a large increase in site rental revenues due to the rate increase as well as an anticipated plateau resulting from the previous two-year 40% increase in rental night projections. Commissions for 2015 are budgeted at 24 lots with actual/forecast of 35. The 2016 budget is for 32 lots. This is a 26% increase over 2015 budget. Other Operating Revenue- we do not anticipate the \$4500 in tree donations or a continued \$3000 in water overage fees."

**(Finance slide 6, Budget 2016)**

	FORECAST			BUDGET			2015-2016
	2015			2016			INCREASE/
	POA	LLC	Total	POA	LLC	Total	DECREASE
<b>Expenses (includes salaries)</b>							
Utilities	260,468	26,643	\$ 287,111	\$ 262,496	\$ 28,800	\$ 291,296	\$ 4,185
Maintenance Expense	409,631	14,005	423,636	394,492	15,024	409,516	\$ (14,120)
General and administrative	138,269	281,888	420,157	145,690	321,327	467,017	\$ 46,860
Insurance	60,283	46,474	106,757	66,622	49,500	116,122	\$ 9,365
Bad debt expense	5,000	-	5,000	5,000		5,000	\$ -
<b>Total expenses</b>	<b>\$ 873,651</b>	<b>\$ 369,010</b>	<b>\$1,242,661</b>	<b>\$ 874,300</b>	<b>\$ 414,651</b>	<b>\$1,288,951</b>	<b>\$ 46,290</b>
<b>Net income (loss)</b>	<b>\$ 125,010</b>	<b>\$ 58,678</b>	<b>\$ 183,688</b>	<b>\$ 114,685</b>	<b>\$ (0)</b>	<b>\$ 114,685</b>	<b>\$ (69,003)</b>

"Budgeting a small increase for utilities at 2%.

Maintenance Expenses: We do not anticipate the spending of the unplanned expenses of this year:

LED Pool Lights & Electrical Issues: \$4800

Pool & Spa Repairs: \$1700

Cost of Breakers: \$4200

Drainage Issues: \$1200

Lift Station Inspection & Repairs: \$2400

Common Area Tree Removals: \$5500

POA - This comparison of 2015 does not include actuals for a full year of activity payroll and also includes a 3% increase for salaries.

LLC – This comparison of 2015 does not include actuals for a full year of F. D. Manager payroll, includes a 3% increase plus a \$6000 increase for credit card discounts; \$16K for Marketing Expenses,

Observes an anticipated increase in health insurance costs."

**E. Manager's Update:** Suzanne Bishop began with a recap of the tennis court project. Due to the relationship with the Professional Tennis Registry, we were able to save \$25,000 if we did two sets of courts at the same time. There was \$155,937 budgeted for the project and the final cost was \$149,211, which leaves a balance of \$6,726 which will be spent towards the total cost of landscaping upgrades. The tennis court contract for 4 courts was \$125,000 and the remainder was used for the retaining walls, lights and the windscreens. Suzanne referred to the Miller Dodson Life expectancy report and explained that this report helps the Resort plan for upgrades and replacements. She cited the tennis courts and replacement of aggregate at the Clubhouse as examples of some of the 2016 basset replacement projects. She said that there are plans to upgrade the fence and gate in

the maintenance area, clean-up the underbrush at the lake, replace the concrete in the spa, install fiber optic cable for WIFI, and buy two card tables and chairs for the lower clubhouse. Reporting on real estate sales: 36 lots have been sold this year. She gave stats for previous years for comparison: 2009--19; 2010--23; 2011--21; 2012--28; 2013--20; 2014--30. She said unimproved lots are selling for \$45,000 to \$60,000 and improved for \$60,000 to \$100,000 with 2 \$100,000 lots selling this year. She listed the number of rallies coming into the resort as about seven different groups. She encouraged all owners to make sure their lot is not occupied before coming to the resort. She also asked people to slow down when driving in the resort. She noted that former owners, the Shippy's sold \$200 in items at the yard sale and donated the money to the Humane Society. Finally, Suzanne explained a card program where business sized cards were given to owners for them to pass out to people they meet on their travels. This will encourage people to come to the resort and rent a site and allow owners to offer their site for rent at the same time.

## **VII. Unfinished Business**

**A. Transformer Update:** Tom Crews gave a short overview of this project since it had been previously discussed in August meeting as well as the Board forum. The main electric transformer is 35 years old. This transformer failed this summer and at the suggestion of Palmetto Electric, it will be replaced. Because it is in an inaccessible location, next to the clubhouse bathrooms, it will be moved to outside of the tennis courts in the green space next to the street. Palmetto Electric will pay for one-half of the cost of the project.

## **VIII. New Business**

**A. Motion 2015.11.14-3** to adopt the following 3 rental practices:

1. Offer a three-month off-peak season (Dec. – Feb.) with a rate increase of \$5 for all lot categories and nine-month peak season (March – Nov) with an increase of \$10 for all lot categories.
2. Rental guest bills will no longer show itemizing for electric and recreation and discounts will be applied to the rental night rate that includes all charges except tax.
3. Credit cards will be accepted for all charges and discounts in total.

Made by Don Beck, Seconded by Marianne Riddile; Passed.

**B. Motion 2015.11.14-4** "The Board will establish a schedule for regular, planned, incremental rate increases based on the annual rate of inflation; changes in cost of operation (contractor fees, electricity, taxes, personnel, water) and the rate increases at three first-class motorcoach resorts established as benchmarks. The schedule for review will be every other year with 2015 as the baseline (reviews in 2017, 2019, and so on)." Made by Marianne Riddile, Second by Don Beck; Passed.

**C. Motion 2015.11.14-5** " Motion to protect our brand and business identity by registering our trademarks with the US Patent and Trademark office, to include our logo, the names: Hilton Head Island Motorcoach Resort and HHI Motorcoach Resort, and our acronym, HHIMR; and appropriate the necessary funds to do so, estimated to be less than \$2,000. " Made by Marianne Riddile, Second by Ed Knott; Passed.

**D. Motion 2015.11.14-6** to adopt the proposed 2016 Budgets for the LLC and the POA. Made by Ed Knott, Second by Bill Lynn; Passed.

**E. Motion 2015.11.14-7** to adopt street names for the roads in the Resort. Tom Crews explained that street names are needed so that emergency services can better locate our sites. Made by Tom Crews, Second by Don Beck; Passed.

**F. Motion 2015.11.14-8** to adopt the **adopt 70-604 Tax Resolution**, "That any assessments of owners for maintenance for the calendar year 2015 that were not actually used in that year for the purposes of managing, operating, maintaining and replacing the common elements of the resort's property shall be applied against such expenses for the calendar year 2016 as provided by the IRS Revenue Ruling 70-604." Made by Marianne Riddile, Second by Tom Crews; Passed.

**G. Motion 2015.11.14-9** to select the auditing firm of WebsterRogers (formerly Cherry Bekeart & Holland) to conduct the 2015 audit and prepare the tax return for the resort. Made by Marianne Riddile, Second by Tom Crews; Passed.

**IX. Motion to adjourn made by Ed Knott, Seconded by Tom Crews; Passed.**

**X. Open Discussion and Questions from the Audience:**

**1. Submitted by Wayne Lee (read by Suzanne Bishop):**

How much money and time was spent changing from HHIMCR to HHIMR. Changing letterheads, computer programs, things like that. FMCA (Family Motor Coach Association) apparently doesn't have a problem with "Motor Coach." Why did we?

**ANSWER:** by Marianne Riddile with input from Lucinda:

No money was spent on the change. We found that two different acronyms were being used simultaneously: HHIMCR and HHIMR. This was obviously causing confusing. For the purposes of brand solidarity, we decided to select the HHIMR as our acronym. The name of the resort is Hilton Head Island Motorcoach Resort and we have been using this for years. It only makes sense to use the first letter of each word in our name as the acronym, which is what is usually the case with most organizations. We also adopted the uniform spelling of the word "motorcoach" to be one word and not two, again to be consistent with our Brand Name. We actually spend over \$70,000.00 a year marketing our brand so even if we had to spend a few dollars changing some printed material (which we didn't have to do), it would be minuscule compared to the amount of money we spend on marketing. Further, since HHIMR is an acronym, it is mostly use as an abbreviation of the name when writing newsletters, emails and such. It does not typically appear on brochures, letterhead and so on.

**2. Submitted by Wayne Lee (read by Suzanne Bishop):**

Since we have a super speed Wi-Fi system that is operating at half speed and people are still streaming, let's turn it up to full capacity for everybody. Is there extra costs if we go full up? **ANSWER:** Lucinda explained that cutting down on the speed stops



one person from taking all the bandwidth. Movies can still be downloaded but it will take longer. This way, the bandwidth is shared.

Mel Riddile said that the network doesn't work and never has worked properly. He said from speaking with people he discovered that many people are using their own hotspots to get online. He asked for a show of hand as to how many were using their hot spots and over half the room raised their hands.

**3. John Curtin:** There are inherent problems with the Mesh Network. He said he has days where he cannot connect to anything. He asked that we get the current network working properly before we put any more money into upgrading it. He would like the Hargray engineers to sit down with Lucinda. **ANSWER:** Lucinda said she would work with them. Charlie said that he has formed a committee headed up by Jim McNeil to look at the WIFI issue.

**4. Gay Richardson** asked for clarification on the electric charges under the new rate system. **ANSWER:** Marianne Riddile explained that the electric charge is included in the total rental rate, which will be split between the owner and the Resort. If a discount is given for the site, the full night's rental will be discounted. The purpose raising the rental rates was to assure that the owners would not get less money per night with the new policies. She pointed out that only half of the rentals are discounted and that the majority of the months, March through November, the rates will be increased \$10.00 which will provide more income in those months, even with discounts. The Resort will absorb the credit card fees.

**5. Submitted by Wayne Lee (read by Suzanne Bishop):**

I hear the Board has been meeting during the year (up to four times a month) why aren't the minutes of the meetings published? The Board represents all owners, not just a few that have the ear of the Board. There is only one meeting (other than the annual and semi-annual) with minutes on the owner's page. Minutes should be posted unless they were closed executive sessions. Are we (owners) supposed to believe that sensitive subjects were discussed at every meeting. See bylaws Article IV section 10.

**ANSWER:** Charlie Kendrick clarified that the Board has been doing a lot of work on HR issues, particularly contracts and other policies, which are to be discussed in executive sessions. He further said that the Board also has work sessions, and that all motions are made in open public meetings.

**6. Submitted by Wayne Lee (read by Suzanne Bishop):**

Is the Resort participating in any RV shows this year, if so which ones and how can we sign up for them or is this a Board member thing only? **ANSWER:** by Marianne Riddile and Don Beck. The Ambassadors Committee was not able to recruit enough people to man the booth at the Hershey Show in September so our presence at the show was cancelled. Further after an analysis of the return on investment at the other shows attended last year, we have decided to suspend this program because of the very low measurable return. Last year, the booth at the two shows that were done in Florida were manned by a number of non-Board members and members alike.

**7. There was a question about discounts on lot rentals.** There is a frequent guest card that offers one free week how is this going to be worked out with the rental lot owner? **ANSWER:** Lucinda said, the cost of the free week will be absorbed by the Resort and the owner will still get 50% of the rental rate. Lakefront lots are excluded because we do not give deep discounts on the few Lakefront lots in the rental pool.