

**APPROVED**

**EDGEWATER BEACH RESORT OWNERS' ASSOCIATION  
BOARD OF TRUSTEES ZOOM MEETING MINUTES**

Tuesday, December 14, 2021

**I. ROLL CALL/CALL TO ORDER**

A duly noticed Zoom meeting of the Board of Trustees was called to order by Marcia Svetkey at 2:32 p.m. The following persons were in attendance:

Board of Trustees:

Marcia Svetkey, Chairperson  
Thomas Conners, Vice Chairperson/Treasurer  
Dennis Ducharme, Secretary  
Steve Castinetti, Trustee  
Dottie Fulginiti, Trustee

VRI Americas (VRI) and Resort Staff:

Michael McManus, Director of Resorts/VRI  
John Verity, Resort General Manager

**II. APPROVAL OF AGENDA**

**MOTION:** Dennis Ducharme moved to approve the agenda as presented. Motion was seconded by Tom Conners and approved unanimously.

**III. APPROVAL OF PREVIOUS MEETING MINUTES (10/12/21)**

**MOTION:** Steve Castinetti moved to approve the October 12, 2021 Meeting Minutes as written. Motion was seconded by Marcia Svetkey and approved with Tom Conners abstaining due to his absence from that meeting.

**IV. MANAGEMENT REPORTS**

A. Resort Update

John Verity reviewed the following:

Maintenance Department:

- Spa heater was replaced on November 20, 2021.
- Mobi-Mats have been removed and properly stored for the winter.
- Outdoor sheds have been reorganized.
- Winter lists have been prepared for staff members to service items including:
  - Interior paint touch ups.
  - Change and clean air conditioner filters.
  - Refasten hooks, door stops, and hardware.
  - Buff the floors.
  - Clean the furniture.
  - Adjust thermostats.
  - Evaluate if fireplaces need to be serviced.
  - Tune the snow blower and order salt.

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Housekeeping Department:

- Department is busier than ever with increases in third party reservations and shorter stay durations which require a room turn on days other than Saturday.
- Department is short staffed with two housekeepers, two houseman and two supervisors while still providing great service to guests.
- Outside contract labor service supplies six to eight housekeepers each Saturday to supplement the team. This cost has increased in 2021 due to staff shortages.
- Reviews from owners and RCI show very good remarks in each category.
- RCI awarded Edgewater Beach Resort the Silver Crown for 2022.

Front Desk Department:

- Taylor Ford continues to assist in growing rental revenue. August, September, October, and November have been strong rental months. December is also trending up from last year.
- Taylor Ford is handling the Edgewater Beach Resort Facebook page and sending out email communications via Constant Contact. Currently there are 2,200 owner emails and contacts are being added as they are received.
- Hot coffee service in the lobby area will begin again next week. Complimentary regular and decaffeinated coffee will be available to registered guests and owners.

Granite State:

- Phase 3 has begun on six West Building units and eight Ocean Front units in the South Building.
- Closets are being built in eight Ocean Front units.
- The painter is on site and working on West and Ocean Front units.

Northstar Mechanical:

- The proposal to rebuild the gym is \$26,500. This includes a new air conditioning and heating system, pipe wrapping, electrical work, new wood floor, blue board, plaster walls and ceiling.
- The proposal to replace the air conditioning system in the eight Ocean Front units in the South Building was discussed. The overall cost to remove and replace this system is \$35,000.

B. Review of Action Items

Marcia Svetkey reviewed the action items report. Several items were removed, and others were refined to include more detail.

C. Owner Communications

John Verity reported that several owners have requested to deed back and that the Board approved deed back policy is being followed. John was working with each owner to find the right resolution, including changing arrival dates, and remaining as an owner for a reasonable fee.

## V. FINANCIAL REPORT

### A. Financials

Michael McManus reviewed the Financial Statements as of month end October 31, 2021. Included in the review were the Cash Balances Report, Accounts Receivable Summary, Balance Sheet, Comparative Income Statement and Cash Flow Analysis.

Michael reported the 2021 Financial Reports have savings to the budget in several individual line items, which helps the Edgewater Beach Resort's ongoing financial constraints. However, when looking at the larger picture, the compounded combined deficits are significantly impacting the bottom line as it has for the past ten years.

The operating deficit as of January 2021 was a loss of (\$504,416) and a projected year-end balance of an additional loss of (\$355,022). This deficit along with debt from the 2018 Fire Insurance claim/loss of (\$415,013) and a noncontributing developer who owns 177 intervals, yields a rough road ahead for Edgewater Beach Resort owners.

The Board reviewed the financial scenarios needed to resolve the deficit issues including downsizing the Association in order to buy down the yearly deficit, special assessing each owner in 2022, and other scenarios that will need to be further explored in 2023.

Application has been made for forgiveness of the 2<sup>nd</sup> PPP loan. All continuing requests for information from SBA on our EIDL loan application have been responded to quickly but we are still waiting for a decision on the additional money requested.

### B. Variance Report

Michael McManus and John Verity reviewed a new report which was put together to explain monthly financial statements, review cash reports and explain specific work being completed at the resort.

The Board requested a few alterations to the report but overall, the report was well received.

### C. Collections

Michael McManus distributed and reviewed an Accounts Receivable Report dated October 31, 2021 showing that only 75.5% of the total billable intervals for 2021 have been collected.

John Verity reported that collection calls have been made by the staff and that roughly \$31,000 was collected in the past four weeks.

### D. SeaWinds II

Michael McManus reported that SeaWinds was current with their financial obligation as of October 31, 2021.

**VI. OLD BUSINESS**

A. Special Assessment/Capital Expenditure Project Report

Michael McManus and John Verity reported that Phase 3 renovations of the last set of rooms have begun and are moving along smoothly. John stated that three storage trailers are on property containing the furnishings, bathroom fixtures, granite countertops and other items needed to complete the units. Closets are being built in the Oceanfront units to replace the armoires.

John reviewed the cashflow report for these special assessment expenses. John stated that contractor's payments have been made on time and rooms are projected to be completed by mid-April 2022.

B. Sales

John Verity reported that sales were slow during the last quarter, but he anticipates this will change in January and February 2022 when the renovations are closer to completion.

**VII. LEGAL COUNSEL**

A. NERM Update

Michael McManus reported that legal drafted a default letter to New England Resort Marketing, LLC, Leon Narbonne and Devitt Adams, demanding collection of past due maintenance fees totaling \$1,744,102.18.

The Board discussed the legal action and the need to move forward no matter what the possible outcome. The owners at the Edgewater Beach Resort need to close the chapter on the developer, move forward, pursue non-judicial foreclosure on inventory in the name of NERM and end their involvement at Edgewater Beach Resort.

B. Insurance Claim

The Board discussed the case against Armstrong Insurance and the fact that nothing will happen in the court for a minimum of 120 days. Michael and Marcia have met with Counsel and will be meeting again to provide necessary discovery requested.

C. BELFOR

Michael McManus reported that the final settlement payment of \$75,000 was made on time via Fed Ex early on December 7, 2021. Representatives of BELFOR acknowledged the payment was received and that BELFOR agrees that the matter is now closed.

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**VIII. NEW BUSINESS**

A. Open Discussion

John Verity and Michael McManus reviewed the Flood Insurance Policies at Edgewater Beach Resort as proposed by Rogers Gray. Five policies are in place; the Board discussed the South Building policy premiums and values as this is the one building located on the ocean front dune. The building has eight one-bedroom units.

Marcia Svetkey reported that the Winter Newsletter will be going out in January. The Board discussed possible articles which would be included in the mailing including:

- The impact of COVID-19 on the Edgewater Beach Resort's business overall.
- Edgewater Beach Resort's financial position.
- A detailed article about the special assessment projects completed over the past three years.


**IX. NEXT MEETING DATE**

The next scheduled meeting is as follows:

Tuesday, February 8, 2022 at 2:30 p.m. – Board Meeting, via Zoom

**X. ADJOURNMENT**

**MOTION:** There being no further business, Tom Conners moved to adjourn the meeting at 4:56 p.m. Motion was seconded by Dennis Ducharme and approved unanimously.

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Dennis Ducharme, Secretary

MJM/nb

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