

## 2017 VILLA MYKONOS ANNUAL OWNERS MEETING CONCERNS

### QUESTION

# of Owners  
# of Intervals owned  
Detailed financials/P&Ls  
# of Owners behind in assessments

# who are 30/60/90 days or more (years) delinquent

# of Owners/Intervals used in last year?  
# of Owners/Intervals used in last two years?

Is keeping Villa Mykonos a worthwhile investment?

Consider appointing special committee to research potential to sell the property

Does it continue to get harder and harder to sell VM intervals?

For owners now living permanently in desert, can the intervals be changed for more flexible use?

What incentives besides RCI trades available for owners no longer using their intervals?

Is it true that no time share intervals can be sold to residents living within a 50 mile radius of the timeshare property?

### RESPONSE

200 households currently  
253 intervals  
See below

Each year, approximately 5% of intervals are delinquent or in default. The board has increased its efforts at collection activity and pursuing court action for collection. Catch-22 however. It can cost more in court costs and attorney fees than the potential recovery.

162  
Not Available

Villa Mykonos is not sold or marketed as an investment. Its value is in its utility to the individual owner. According to a recent industry article, the average price for a new timeshare week in the US is \$20,460, with resales of existing intervals ranging from \$1,662 to \$6,622. Based on these numbers, Villa Mykonos still represents a bargain, especially when considering its trading value through RCI.

No decision has been made to sell the property. The Board has a fiduciary duty to explore all options when it is appropriate. Premature to do so at this time.  
All timeshare properties across the country have difficulty selling intervals. Villa Mykonos is no different.

Villa Mykonos already has one of the most flexible interval use policies of any timeshare. Very few timeshare properties allow you to split a week like VM. Any of the local owners in good standing are also welcome to use the pool, spa, and common areas, even if they are not staying at the resort.

Owners can allow family and friends to use the interval week. It is also possible to donate the use of the week to various charities for silent auctions, et cetera. Check with a tax professional to see if the annual assessment is then deductible as a charitable donation for itemized returns.

Not aware of any such restrictions. IRS will not let you exclude the gain from the sale of a secondary residence or deduct moving expenses if within 50 miles of primary residence; unless sale is due to other listed reasons. Or qualify as a secondary residence for a mortgage interest deduction if rented 14 or more days per year. So, that would apply to condominiums or coops, but not to a 1-week timeshare interval.

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### ELECTIONS:

What procedures in place to ensure transparency of ballot receipt and counting?

A double-blind ballot envelope system is used for all elections, consistent with applicable California law. The ballots are opened, verified for eligibility, and counted by independent inspectors of election who are not board members or related to any board member or staff employee.

Safeguards to address appearance of impropriety of board member being related to manager and also paid staff

The related person board member recuses themselves from votes and decisions affecting the manager and staff compensation.

How are unsold weeks handled for elections and voting?

Per the CCRs and Bylaws, unsold intervals are managed by the Board. To-date, it has not been necessary to exercise this authority, as sufficient quorums and majorities of owner intervals have participated in all items requiring a vote, including supermajority items such as amending the CC&Rs and Bylaws in 2009.

### AGENDA and INFORMING OWNERS

P&L Statement for 2016 provided in advance of Owners Meeting

Annual P&L statements are provided with every annual mailing of the budget in July and posted to the Villa Mykonos website. Monthly Financial reports are included with all board minutes and the minutes and financial reports are also posted to the website under the OWNERS tab.

Minutes of ALL board meetings posted within 10 business days

Villa Mykonos bylaws require the posting of the minutes within 60 days of adjournment of the meeting. The minutes cannot be posted prior to 30 days because the minutes from the particular meeting are not approved until the next subsequent meeting.

Contact information/person for owners to provide concerns to Board for discussion

All board members contact information is available on the website and has not changed in many years (*title of the particular officer@villamykonos.com*). In addition, any owner can contact me directly, Brandy T. Jones, with any concerns to be shared with the Board. My contact information is: *President@villamykonos.com* and *grandlady57@gmail.com*. Email is the best means for contacting me; however, you may also call me on my cell phone: 510.520.1715.

Announce date and time for next meeting and opportunity for owners to call in or get answers to specific questions

The minutes of every meeting include the time and date of the next meeting. Meetings are held every third Tuesday of the month, generally at 530pm, via teleconference; plus two on-site board meetings each year, in October and February. Any owner in good standing can request an opportunity to call in to ask specific questions. The Board President and all of the other Board members are always willing to talk to owners and take questions individually, as well.

### FUTURE OF VILLA MYKONOS

Potential sale of the property

Premature to discuss sale of the property or to survey owners. Danger of creating negative perception and negative impact on assessment collection.

Survey of owners in 2017 to determine interest in selling

**2017 VILLA MYKONOS ANNUAL OWNERS MEETING CONCERNS**

Provide list and contact information for all owners to owners

- How many weeks sold in last 5 years?
- How many defaults in last 5 years?
- Outsourcing property management?

The membership roster can be made available for inspection by any owner, but copies or other distribution would require consent from each owner to release such information.

- 3 intervals were sold/resold in the last five years
- See response above
- Board has not explored that option. Current manager's salary below state average.

**CONDITION OF PROPERTY**

Repairs or replacements of furniture & appliances by Unit in 2016

Refrigerator in Unit 7. New Shower in Unit 1. Dresser in Unit 10. 12 new dining chairs (Purchased as an update; Original chairs were still servicable, but dated, as noted). Replaced Sofa in Unit 3. As a rule, we only replace items as they fail or as needed.

Repairs or replacements of furniture & appliances by Unit for 2017

Funds available for such replacements are extremely limited under current budget. Carpeting replacement in Units 2 & 3 are budgeted for 2017 only if adequate funds are available. All other reserve dollars have to go to HVAC and other physical plant repairs/replacement.

**MARKETING**

1. How many different types of advertising (paid and bartered) happened since our last annual Board Meeting (February 2016)?

With zero dollars allocated for a marketing budget (without raising annual dues), ads were placed in a multi-city magazine (GED) in December 2016 and January 2017. We continue to maintain an active relationship with the magazine toward future advertising opportunities, both paid and in trade. Flyers were provided to numerous organizations, events, groups and individuals highlighting our rental opportunities (and possible ownership opportunities) for the property. Lesbian News ads continue in each issue. LN ads are donated by the publishers of the magazine, who are also VM owners. \$800.00 was spent for the GED advertising, which was also donated by owners. One rental occurred from the ads in GED, generating \$450 in rental revenue; plus an inquiry for a possible 1-2 week rental later in 2017. No response or rentals generated from LN ads.

- 2. How much did this cost?
- 3. What was the response for each type of advertising?
- 4. Are copies available or a list of where advertising appeared for all owners to see?
- 5. How many units were banked with RCI in 2016?
- 6. How many units were booked by RCI in 2016?
- 7. How many units were rented (non RCI) in 2016?
- 8. How much revenue was generated from these rentals in 2016?
- 9. How many weeks in 2016 was VM occupied 100%
- 10. How many weeks in 2016 was VM occupied 50% or less.

Not currently as we have only run the 2 ads with GED and LN is an online magazine.  
23  
20  
29  
A total of \$10,516 was generated in rental income for FY'15-16, ending June 20, 2016. Rental income YTD for FY 2016-2017 is \$3,489.  
0  
2

**2017 VILLA MYKONOS ANNUAL OWNERS MEETING CONCERNS**

- 11. How many owners defaulted on their 2016-2017 annual dues?
- 12. How many sales were there in 2016 and what was the cost of each week sold?
- 13. How many owners sold their week(s) 2016?

Technically there are no defaults as the fiscal year has not ended and owners have until June 30, 2017 to pay within the fiscal year.

There were no interval sales in 2016. No transfers or sales of intervals were approved in 2016. One interval was approved for return due to death of owner.

**MISCELLANEOUS**

Rumors of board mistrust

We are all owners and volunteer our time to serve on the board, representing the interests of all owners. I am not aware of any mistrust on the board. However, I will say that when you have five people with different views, backgrounds, and opinions working together, it can generate some very healthy discussion. This is normal and should be encouraged. In the end, we all realize that we are all in this together and there is not one person here benefitting from being on the board. We are a team and that is how we work things out. I have been on the board in various positions and have never seen any of the directors show any animosity or mistrust towards each other. We are all human and sometimes things do not go the way we believe they should, but, in the end, we are all owners and only want the best for Villa Mykonos.

Major decisions made without informing owners--like selling the property

No decision has been made to sell the property. The board has a fiduciary duty to consider all available options when it would be appropriate. Villa Mykonos Board of Directors are all owners who volunteer their time and effort on behalf of all owners. Any decisions which have been made by the board-- particularly for the exterior and interiors of the units and property--must be made within the constraints of the budget that is established each year and provided to all owners, showing how the use of the funds is prioritized among competing demands. At last year's Owners' Meeting, several owners expressed the idea that maybe we needed to look at selling the property. Based on this discussion, the Board had a professional person, a real estate broker from the Palm Springs area, answer some of our questions. Given the uncertainties in the market at that time, we were told that it was not the right time to sell. We would risk having to sell "as is" and take a loss. If and when the time comes that such a decision would be proper, then the entire ownership will be informed and provided with all the information and opportunity to vote on such a proposition. That final decision will be determined by a supermajority vote of the Owners; and will not be made solely by the Board.

Conduct independent third-party appraisal

Appraisals can be costly. While not in the budget, such an appraisal is being explored because it is necessary to refute/protest the Riverside County Assessor's inflated valuation of the property. Comparable sales of condominiums were researched in each of the last two years to refute and successfully reduce these property tax increases.

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How would gain on sale be divided/distributed?

It is unlikely there would be any significant gain on the sale of the property, since all outstanding debts would have to be paid first; then all outstanding or deceased owner intervals would have to be formally foreclosed--or the buyer would significantly discount the price to reflect this expense. Per the Articles of Incorporation and Bylaws, any proceeds would be divided equally among the intervals and distributed on the basis of each interval owned that is in good standing at the time of distribution.

How are decisions made about renting units?

Various avenues have been explored to generate rental revenue. Booking.com is a major booking source. They are based in the Netherlands, but air TV commercials here in the US. People from many countries, not just European countries. AirBnB has been successfully used during peak periods. A couple other similar services, such as MisterBnB and Purple Roofs have been used or suggested. However, the more services in which Villa Mykonos is listed, the more difficult it is to coordinate and control. It already is a daunting task to juggle between Owners, RCI, AirBnB and Booking.com. If we do not see a response, then a different site is tried, but, for now, it appears the current listings are producing the desired, favorable response.

How are decisions made about RCI and new booking service in Europe?

The Board has asked that the VP of Owner Relations and the General Manager to research other booking services, even though RCI continues to be the leader in this area. We are aware recent changes at RCI and the effects those have had on some owners. So, your Board is looking into the matter and what options may be available. If any owners have constructive suggestions, we are always open to hearing them.