



Mayacama Residence Association

Minutes of the Annual Meeting for All Residence Club Members

Wednesday, October 2nd, 2024, | 3:00pm PDT

The annual Mayacama Residence Association meeting was held on Wednesday, October 2nd, 2024, at 3:00pm PDT within the Kid's Activities Room of Mayacama Golf Club in Santa Rosa, California.

Board of Directors Present:

Jonathan Wilhelm – President

Brian Hill – Secretary

Also Present:

Levi White – Chief Operating Officer

Mayacama Members Physically Present:

Barry Neulen

Jeff Johnson

Richard Gephardt

Karen Seitz

1. Welcome

Jonathan Wilhelm called the meeting to order at 3:00pm and thanked everyone for attending the meeting whether in person or via conference call.

2. General Club & Membership Update

Jonathan: We are just starting our last quarter here. Overall, the club has had an average volume level. We felt we were a little down in golf rounds this year, down in occupancy overall, and a little

down in food and beverage covers. Not a huge amount; 8-10% for some and 4-5% for others. We always try to understand you are traveling more in the summer. We had a pretty hot summer, a lot of days over 100 degrees, so we had a lot of golf runs that didn't materialize. It's probably one of the reasons it's been down, but in general, club levels have not been too far off from what our annual budget is. We had a pretty good September and so far, a pretty good October. The club is closed next week for aeration and deep cleaning. We have a relatively busy fall on the books, which is not too unusual. People seem to enjoy the weather here in the fall, especially as we get into Thanksgiving. We have had great member attendance, especially with the Men's Member-Guest. We had a long waitlist. As you may or may not know, if you book that week, it's one of the busiest. If you get that week, you automatically get into the tournament. You don't have to worry about being subject to the lottery. I've had members ask about adding a second Member-Guest tournament, but we resisted that for a variety of reasons. We have a lot of tournaments throughout the year that our members and their guests participate in from the Saint Patrick's Day Fourball, to the Member-Member, Sip 'n Swings, the Pro-Member, the Matchplay Championship, the Annual Club Championship. So, there's plenty of tournaments and we didn't feel that we should dilute the Men's Member-Guest. We do always revisit this and discuss ideas. Congratulations to our member Jason Short, who won the Men's Member-Guest this past weekend.

a. Construction Update & Pool Completion

Jonathan: The construction project has made a lot of progress over the last 12 months. Four of the six units are occupied by our owners. The other two are under construction, one will finish around the end of November and then the other one next summer. The pool and hot tub have been filled and treated, and the health inspector is supposed to do the final inspection and sign off on that at the end of this week. We are defining this as a Residence Club pool. This means that the people who have access to this pool are in the Residence Club and their guests, either occupying a villa or casita. The key to your unit will open the gates to the pool. We are treating it as an adult pool for lack of a better word but that does not mean you can't bring your child there. The idea is your child is not running around or jumping in the pool. There will not be a bar down there, just supposed to be a quiet place of enjoyment and it will be heated year-round. There's a lot of ADA access so there's pathways all over the place. Everything, along with the landscaping, should be completed in the next two to three weeks. The balance of what we can build is just three more villas. They won't be quite as big as those six, and we are working with the architects now and planning on starting those next summer, taking a year and a half or so to complete. Not nearly as much infrastructure work will be required. The original villas that we enclosed that also had water damage on the decks were all completed except for one, and also have new furniture. We are not planning on doing the last one until next year. We thank you all for your patience as we had those units offline. We didn't want to take an entire unit that was fine offline for another season and thought we would have an uninterrupted season for next year and then we can go work on that enclosure the following winter have less disruption. If anyone has questions regarding the construction facilities, I will happily take those now.

Question (Clark Winslow): What villas are still selling?

Jonathan: They've all been sold.

Clark Winslow: So all six have been sold?

Jonathan: Correct. Four have been sold as quarter share and two are owned outright.

Clark Winslow: Thank you.

b. Insurance Update

Jonathan: This has been a topic that we have all collectively discussed over the last several years as we have battled the increased cost of insurance which has not changed much, as well as actually getting this kind of coverage we all expected. At last year's meeting we talked about how we were not fully insured, if you looked property wide and everything were to burn, I think we had about 30 or so million on the villas and casitas, the balance on the clubhouse, and other parts of the club. The discussion with the HOA board was if we could, and if it cost a little more to get full coverage, we would. I am happy to report that this year we do have complete coverage, 50 million between the villas and casitas. Insurance is a complicated system out here, there's layers to it with the California Fair Plan. At the end of the day, we did get the 50 million for the bill and that really is based on values coverage. We were able to isolate what the insurance cost per building on the property. The new units cost significantly more to insure than the old units and we're able to allocate the cost the new units. What that means for your 1/10 increase in annual dues will be about 8-8 1/2 % this year, 3-4% of that is fire insurance related. The other is simply a CPI adjustment. It is a very insignificant increase for this kind of coverage and I think it is a smart thing to do. We've been lucky the last few years but in the event that something catastrophic happened, we do have coverage. I still stick with my previous statements over the last several years that the way this property is designed, how these buildings are separated, the chance of one coming in and taking out everything is very unlikely.

Question (Unidentified): Does the Clubhouse have separate coverage?

Jonathan: Yes, each separate building has its own, including the maintenance building. Property wide it's over 80 million. A couple of years ago we could not get to those levels no matter what we paid. It's still a very, very difficult market, a lot of carriers don't want to participate. Our Residence Club member and insurance carrier Mr. John Hahn and his company are hosting a wildfire summit here in November and he is bringing a lot of the national and major carriers. His goal is to educate the carriers on the ability for communities like ours and others to actually be able to mitigate wildfire and it's the only natural disaster that you actually can have some successful form of mitigation. We spend over \$100,000 just clearing defensible space. Our homeowners do the same thing, but we don't get any treatment for that. He's trying to change that and trying to show them that if you have not one, but 30 homes around here all doing what they're supposed to do to mitigate wildfire risk, hopefully that would down the line affect our rates. Mr. Hahn I don't know if you're on the phone

but we appreciate your efforts and bringing that to my account and hopefully it'll make a difference. The policy has been in place since right around the middle of April.

3. Residence Resales

Jonathan: We have had a number of people going on the residence resignation list really over the last 3 to 4 years. A little bit since 2017, but since Covid in 2020 there's been quite a few folks that have membership up for resale. We have not sold a number of those over the last few years whether it's the fact that people are traveling again, we did have a competing product in the quarter share program, although more expensive, there are a number of factors we played around with and we certainly have been focusing a great deal of our marketing efforts on this particular product. As I said many times I still think it's the best way to own wine country. If you have some flexibility and don't need to be here, you know for a month at a time or six months a year, I think the cost value of owning up \$300,000 guest house is still a really good value for what you're getting. We have a number of marketing plans and number of markets that we're getting success in New York City, Los Angeles, Orange County, Texas, Chicago, and Denver, are pretty much our best feeder markets for that product type and then we've actually seen over the last 60 days a pretty good uptick in people who are inquiring about that asking for more information. We have two of those in escrow right now that should close in the next couple weeks, and two more people reviewing documents. With only a few sales this year at least we start to see some momentum on those marketing efforts coming through those channels. We're looking at different opportunities on the resale program, and are open to hearing out any ideas from anyone. We are trying to do a number of things to accelerate the process. We pretty much sell primarily off the resign list, trying to price it as close to what we need to get the people on the list off, but also move the product. It's not terribly a price issue. We've talked about lowering the price by \$100,000, so instead of \$375,000 or \$350,000 it's \$275,000-300. I talked to my sales guys a lot about that and they do not believe that it's that their buyers are price sensitive, it's really the product type for me. We've had 15 people go on that list in the last 12 months which is a pretty good jump and in the last 24 months it's been about 20 to 25 out of the 50 that are already on that list. So in the last 24 months, you've had a lot more people and again some are by their own admission hedging their bet. Saying I don't know if I want to sell, but I'm going to get on just in case and it takes three or four years. That doesn't help because I understand the reason for doing it, but it's a compound problem when people are trying to exit these if they're not intending to exit. Again, I understand the reason for it and much as we try to talk people through the positives and the negatives.

Question: (Unidentified): How many people have changed their minds when their number came up?

Jonathan: Recently, I've had a couple that changed their minds. The biggest reasons have been either they have bought a house here or a lot of people have moved up here. One of the biggest issues is availability when everyone wants to be here May through October, and we don't force planned weeks into the shoulder seasons. We have probably 30% occupancy in January, 40% in February, at most 50% in March, and we still run annually at 72%, 80% in the summer, so people are really

putting a lot of pressure on that time. We will be sending information like this out to our Residence Club Members that there might be opportunities to consolidate buying some these other interest out hence they don't get re-issued and they're not having people in the system and you have more time. We had a couple members do that last year that bought another 10th so they could use more time here and have more flexibility, that's another way to help absorb through this resignation list more quickly.

Question (Unidentified): So when folks come up and change their mind and buy an actual house, they maintain membership right?

Jonathan: Yes, they stay as a member and sell the Residence portion whenever it resells. We've had a couple of people where we absorb their membership into product. So again, we are focused a lot on that particular product because it again, we don't like seeing that list grow but also it's something that we want. We want to cycle that down to its more manageable level and actually have people that are here using the club and not necessarily don't have the opportunity to use it, so it benefits us to have to have those active members more than inactive members. Any other questions?

Question (Andy Sherman): I guess that there's a lot of effort and marketing for product for resale, it sounds like the uptick and demand is the result of the unavailability with competing products that are now fully sold and under construction. I think you said something about new construction, would that effect demand for the resell product in the same way that the current construction has, what do you think about that?

Jonathan: We haven't really decided how we are going to structure the new product yet. It might be something that we just add into actual overnight rental inventory even for res club or otherwise I have to completely redesign them. I don't want to put big villa units on the ninth fairway. We are trying to figure out what is the right product to not affect the other product. I'm not in a rush to build these out and don't intend to presell it like the other ones.

Question (Barry Neulen): I want to agree with the sales team that we probably shouldn't reduce the cost of memberships, but what about some kind of hybrid solution if everything is concentrated from May to October, reduce rates in the off-season for people who only come in the off-season?

Jonathan: So you mean your weeks are solely around the off-season? We have kind of always focused on trying to put some of the weeks in it, but you do have some folks that do primarily focus on the off-season. That's an interesting thought. We explain to people that if you come in the off-season you can get all the one or three bedrooms you want, you're not fighting over them and the golf course isn't over crowded. We could market Chicago and New York, New York is one of our better feeder markets simply because of weather.

(Unidentified): Yes, others have reached out to me to trade their summer months for my winter months.

Jonathan: Yes, that's interesting. Any more thoughts or questions?

Question (Unidentified): How many people are actually on the resale list and how many have you sold this year?

Jonathan: There are 50 on the resale list and we have sold three this year, one of which is closing any day now.

(Unidentified): Great, thank you very much.

Levi: We have 53 on the resign list, but one will be off soon. So 52.

Jonathan: 52. We have two more in escrow so I will be taking two more off soon. Our goal is 5 by the end of the year.

Question (Unidentified): Could you convert one of the existing Residence Club to a Quarter Share?

Jonathan: No, because those Residences are co-mingled and there would be the problem of availability. I think that it's complicated when you have so many different people in a program that might have different ideas they may or may not want, but we're kind of looking at a bunch of ways to absorb it.

Question (Clark Winslow): You mentioned something about \$275,000 or \$325,000 or something, I wasn't quite sure, what if an individual says 'I want to sell my unit for \$250,000,' what's the deal on that?

Jonathan: Any of the members have a right to name their price. If you've been on the resale list for two years and we haven't been able to resell it, the owner has a right to name their price and go find their own buyer and sell at whatever price they'd like. They'll take the hit. The buyer then steps into the shoes of the member who sold them the contract. We have had someone do that before the 24-month mark. We have discussed the opportunity of a market-to-market program where say everyone on the collective resign list says we all want to accelerate this and we decided to drop the price to \$200,000 hypothetically. I personally think that if you dropped it to \$200,000 from \$350,000, that we wouldn't get 30 or 40 people racing through the door. You might get a few more but it's not as overly price sensitive to that. There's the possibility of using excess club funds to try to buy people out at a discounted price to try to shorten the inventory.

Question (Unidentified): Have you thought at all about taking people who are on the list to get out, and taking those rooms effectively making it into a lodge available for any and all members to utilize, obviously for a fee, and just pay a certain percentage to the former resident club members and have the club keep a percentage of it and you're making the club potentially more residential because people can come up for a weekend, they just pay the going rate for the room that you don't have to have the obligation of the residence club here?

Jonathan: We kicked around versions of that. There are a few circumstances, but I have just given them back to Brian to put into the system for the Residence Club. I'd rather forego any rental income from those because I think it's better to put into the selection process to have more

flexibility. Your thought process isn't without merit, there's versions of that that we kicked around and are still kicking around. that could do that especially if there's some sort of schedule.

Brian has a couple Residence Club updates that he would like to share with you all as well.

4. Residence Club Update

Brian: Thank you everybody on the phone and in person here. A couple updates, maybe you know Morgan transitioned into the Marketing team, we will miss her, she was great when she was with us but she's doing great with Marketing as well. Excited to introduce Ashley. A lot of you probably had communicated with her as a Concierge. She was doing great there, so we bumped her into the office and she's quickly learning reservations. Excited to have her grow at Mayacama, she'll be doing what Morgan was and she'll also be able to help if I'm not here, so she'll be another resource so that every day we will have someone here for you. I'm sure most of you have seen the newer carts, a lot nicer and better rain covers. Snacks in the room, we're going to continue to try to change it up year by year. Also working with Jared our new Wine Director to pair the wines with the snacks and change it up quarterly. Reminder with our furry friends, just let us know when you have a pup so we can arrange a housekeeping schedule. Housekeeping cannot clean if the dog is in there, but we can work around it if they are in a separate room or crate, or out on a walk. Thank you.

Question (Unidentified): Brian, am I the only person who was totally unsuccessful with the Selection Process Form?

Brian: No it wasn't just you, I finally got a call back from Jotform, the software we run the Selection Process Forms through. There is a bug in the calendar system and their Web Developers are working on a fix for it. We're also working with another company to potentially do the second round through if Jotform isn't fixed before October 15, we will get that sorted out but sorry about the inconvenience there.

Jonathan: Most people had the same problem.

Question (Unidentified): So, what happens to the first round for people who were unable to make their entry?

Brian: We talked to every single person. If you couldn't turn it in on the website, we took it through email or verbal phone call. We made sure we spoke to every single person.

5. Space Available / Short Notice Stay Notes

Jonathan: One thing Brian and I wanted to remind folks is that on Space Available and Short Notice stays, in the event that you're booking Casitas, we're asking you to book only one. We're not asking for unaccompanied guests to be in a Casita by themselves. This is to increase the ability for you all to access it so on the Space Available or Short Notice, a lot of people ask for two casitas to bring another couple up. If we have rooms we will always make that available, but we're trying to avoid that to open up more units. Obviously if it's a Villa or a three-bedroom unit that doesn't count but trying to make sure a member is in each building during the Short Notice and Space Available,

mainly for the high season. We are going to send out a bullet point reminder regarding this and planned weeks and what relates to in-season and off-season. You might not realize how much availability we have in the off-season. Some of you are in a category that you only have golf privileges only when In-Residence, which limits your availability to access golf tournaments and major events. So that reminder will help with refreshing everyone on the program which I think the more people that understand the flexibility and the use patterns will only increase. We haven't really made the decision or collectively with you as a group to say should we change the Planned Vacation Selection Process to force at least one of those three weeks into the off-season, simply so they all get into the end of the season leaving again more Short Notice and Space Available. Depending on how this year goes, we might revisit the idea next year. We get a lot of cancellations of those Planned Vacations, so if you know you can't make it, do give us that notice as early as possible so that we can open it up to the rest. We look at past years' cancellations to determine what changes need to be made to the program.

6. Open Forum

After no further questions or comments, Jonathan Wilhelm closed the meeting at 4:00pm and thanked everyone for attending the meeting and those who dialed in.