

## Frequently Asked Questions about Whiteface Lodge-Fall 2015

### **What is the History of the Lodge?**

The Whiteface Lodge was built in 2004 and opened in May of 2005 by Joe Barile and his wife, Pat- a labor of love with the idea of creating a grand luxury Adirondacks Lodge experience for families, particularly grandchildren (thus the smores, movie theatre, bowling alley and ice cream parlor).

When Joe sold the Lodge in 2007, T-Rex became the sponsor and managing company with Gramercy and Lehman as mortgage holders. During the financial crisis in 2008 T-Rex surrendered the deed in lieu of foreclosure, Lehman later declared bankruptcy, and Gramercy became the sponsor/owner of the Lodge. At that time the Board hired a management company, Gemstone, to manage the property. In 2012 Gramercy terminated the contract with Gemstone, and with involvement and full approval of the HOA Board, hired Urgo as the management company.

In 2013 Gramercy sold their interests in the Lodge to CW Capital.

In early 2015, Urgo Hotels and Resorts, a family owned business, and their financial partners purchased the Lodge from CW Capital and became both the managing company and the sponsor. Don Urgo, Sr. announced at the 2015 annual meeting that for the first time in the history of the Lodge there was no mortgage on the Lodge and Urgo expressed its intent to be a long term investor/owner.

Despite a somewhat turbulent beginning due to the financial crisis, the Lodge is now in the hands of a privately owned company, including Urgo Hotels. At the time of the purchase they issued the following statement along with their press release:

*"Having operated Whiteface Lodge for nearly three years, we were able to gain a complete understanding of the potential enterprise value of the Whiteface Lodge assets as a whole, including the operating business, the remaining for-sale real estate and undeveloped real estate," said Kevin Urgo, principal and managing partner of Urgo Hotels & Resorts.*

*"Whiteface Lodge specializes in offering guests an authentic Adirondack experience that is steeped in mountain tradition, but presented with contemporary finesse," Urgo continued. "During our tenure as the resort's operators, we were able to enhance the guest experience while creating operating efficiencies and significantly improving operating results. We look forward to building upon our collaborative working relationship with the homeowners association to share ideas and make further improvements to the physical plant, guest amenities and service levels to enhance the experience of guests and owners alike."*

Following the sale to Urgo, the HOA Board reconfirmed its commitment to Urgo Hotels as the management company for the facilities. Additionally, as the owner/sponsor they hold the deed to the unsold units which is approximately 50% of the total units. They have not yet made a decision regarding the timing for selling the remaining units.

## **What is the Whiteface Lodge Business Model?**

**Ownership:** The Whiteface Lodge has 86 residences with ownership in minimum 1/12 increments. Non-Urgo fractional owners currently own approximately 50% of the units at the WFL. The remaining residences are owned by Urgo Hotels. Urgo also owns the common areas and the recreational amenities, including the Canoe Club, as well as the 14 acres that remain undeveloped at the back of the Lodge.

**Cost sharing:** Based on a study in early 2007 it was determined that the commercial square footage of the Lodge (Kanu Restaurant and Lounge, Spa, etc.) was 26.81% of the total property square footage. Therefore the residential owners are responsible for 73.19% of the cost of maintaining those areas and all common areas as well as 100% of the cost associated with maintaining the residential units. Capital improvements for the commercial areas are 100% to the sponsor's account while improvements to the residential units are 100% to the residential owner's account.

**Urgo costs:** As Urgo owns both 50% of the residential units and 100% of the commercial space, they are currently paying for over 86% of all common area maintenance and 100% of commercial area capital improvements. They also share equally with the other owners on residential maintenance and capital improvements.

## **What is the Home Owners Association and who sits on the Board?**

Home owners, and members of Urgo Hotels, are members of the Homeowner's Association (HOA). The HOA Board is made up of nine members, five of whom are non-Urgo owners and four Urgo appointed members, per the original offering plan documents. Each Board member is elected to a term of three years with no term limits. Each year the Annual Homeowners Meeting is held in April and elections are held for non-Urgo representatives. All owners, including Urgo as owners, are permitted to vote based on their square footage and interval ownership. Urgo, as the sponsor, appoints its own members to the Board.

## **Who is on the Board?**

The Board elects its own officers who are currently Michael Doyle, President, Serge Primeau, Secretary, and Roger Morey, Finance. Other members of the Board include Lou Basso, Jim McKenna, Tom Maira, Don Urgo Sr., Don Urgo Jr., and Kevin Urgo. The General Manager of the facility, currently Chris Pulito, an Urgo employee is generally invited to the Board to comment on monthly results and issues, but is not a Board member.

## **What is the responsibility of the HOA Board?**

The Board hires and oversees the HOA management company (in this case Urgo Hotels), establishes the HOA annual operating budget (including capital projects), and monitors monthly operating results, both financial and non financial. The HOA Board with the assistance of the Hotel Management Team establishes the short and long term capital plan for the residential areas and coordinate with Urgo Hotels on long term strategic direction for the Lodge.

Separately, Urgo Hotels is also manager of the commercial facility and creates a separate budget and monitors operational and financial results for the benefit of the Sponsor. The Board

does not have oversight for improvements/changes to the commercial areas but works closely with Urgo as the owner of those facilities to make sure the residential owners' voices are heard.

### **Does the Board have access to legal support?**

In addition to Tom Maira, an owner on the Board who is also an attorney, the Board has on retainer outside counsel who is familiar with condominium statutes in NY as well as general knowledge of the Lodge and its history.

### **How often does the Board meet?**

The HOA Board meets monthly, often by teleconference to review operating results, customer satisfaction results, delinquencies, cash balances, and status of capital projects. The Board also reviews financial and non-financial results on a comparative basis with other properties within Lake Placid and the Northeast. Minutes are taken, approved each month and kept on file.

### **What is the time commitment for a Board member?**

Officers spend approximately 6-12 hours a month reviewing and preparing information for the Board and the owners. Non officers who are owners spend at least one hour per month attending the Board meetings and are expected to attend the annual meeting. This can increase as Board members accept project responsibility (e.g. capital project oversight).

### **When does the Board issue communications and reports?**

The HOA Board meets monthly and attends the annual meeting. Minutes of the annual meeting including the presentation are posted online for all owners. In addition a message from the Board is included in the Lodge bi-monthly newsletters. These reports contain both financial updates and reports on specific agendas such as upcoming capital expenses and improvements. The Board does respond one-on-one with owners as necessary.

### **How can I get involved with the Board?**

In September 2015 an HOA Board email address was introduced to directly communicate with the Board on issues/suggestions/comments. That address is:  
[HOAfeedback@thewhitefacelodge.com](mailto:HOAfeedback@thewhitefacelodge.com).

Each year at least one Board member is up for re-election and the nominating committee solicits candidates through a communication to all owners. Those who have an interest in becoming a Board member are encouraged to submit their resumes for consideration to the owner nominating committee. Another alternative is to speak with the General Manager of the property for guidance and direction on how best to submit your credentials and communicate interest in getting involved. Volunteers are always welcomed.

## Who is the General Manager of The Whiteface Lodge?

Chris Pulito is the General Manager.  
(518) 523-0520  
[c.pulito@TheWhitefaceLodge.com](mailto:c.pulito@TheWhitefaceLodge.com)

## Is there a personal contact for homeowners other than the GM?

Rachel Cave is the homeowner liaison handling all owner reservations, annual HOA voter registrations, space available usage, exchanges, rental agreement administration, and new owner welcome package. Her email contact is [r.cave@whitefacelodge.com](mailto:r.cave@whitefacelodge.com)

## What is the Whiteface Lodge Owners Forum?

The forum website [www.wflowners.com](http://www.wflowners.com) was created by a fractional owner at the lodge to create a private forum for WFL Owners to share ideas and facilitate private rentals and exchanges among owners.

## How should I report a problem/issue with my suite?

The first recommendation is to report this to the Front Desk during your visit to be resolved immediately. Most owners have found the personnel there to be very responsive to your needs. Of course, Chris Pulito, the GM, is also available at any time. Reporting issues on the Forum is usually not as effective as the Management team will not see them unless an owner forwards the issue to them.

## Where do my Monthly Maintenance Fees go and what are they used for?

HOA fees are collected by the management company (in this case Urgo) on behalf of the HOA. Urgo as an owner pays monthly fees for the units they own. Independent auditors are hired by the HOA to assure that all fees and expenditures are appropriately handled. The Finance Board member (now Roger Morey) works with the auditors and reviews and approves the audit report along with Board President (Michael Doyle).

HOA fees go to pay for the following categories (\$'s in millions per 2015 budget):

	\$'s	% of Total
Room services	\$1.56	33
Maintenance	0.73	16
Activities*	0.73	16
Utilities/Telephone	0.64	14
General/Administrative	0.30	6
Fixed	0.40	9
Reserve Fund	0.30	6
Total	\$4.66	100

- Includes recreational amenities agreement of \$0.5M

## **How are capital funds collected and managed?**

As part of the budgeted monthly maintenance fees, some of those fees are collected and deposited in a "Reserve Fund" (see above split of uses of monthly funds collected-6% in 2015). In addition, any savings from operations compared to budget are deposited into the reserve fund.

A 20-year capital expenditure plan has been developed and continues to be refined annually to anticipate the refurbishment and replacement of residential furnishings and certain common elements. In 2015 it was determined that over 45% of the living room furniture was in need of replacement along with carpeting in all the units. Policy is to replace all of the furnishings in all of the units when 45% or more of the units are determined to need replacement so that all units are uniformly decorated. The cost of the project was paid for by reserve funds. The scope of the work and the final budget is approved by the HOA Board.

It was also determined in 2014 that the number one issue for customer satisfaction was the heating and air conditioning system, particularly for multi story units. The reserve funds were used to upgrade the mechanical system in 2015. As a utility cost saving all lighting was changed in 2014 and 2015 to high efficiency LED bulbs, which was also paid for out of reserve funds.

Currently the reserve funds are approximately \$2.3M and are in line with the 20 year planning needs. In addition there are funds set aside for working capital in the amount of \$350K. The Finance Chair of the HOA Board monitors the working capital funds with excess funds exceeding \$350K swept into the reserve account each quarter. Reserve funds that are not needed in the next two years are placed in interest bearing CD's and are also monitored by the Finance Chair.

## **What are the responsibilities of the Management Company?**

The responsibilities of the Management Company are spelled out in an extensive legal document but for those who want to avoid "legalese" here is an executive summary:

The management company has the responsibility to manage the property including general operation, security, maintenance and repairs. They are responsible to hire, pay and supervise all Lodge employees and procure outside contractors as necessary while adhering to the by laws of the HOA. They must obtain and maintain appropriate insurance policies. They also have accounting and financial reporting responsibility including establishing and administering HOA bank accounts and investments, being sure to keep all HOA funds separate. They are responsible for collections efforts including managing past due fees. They are to prepare all documents necessary as required by the outside auditor for both audit and tax return purposes. They prepare the annual budget documents and organize and attend all board meetings and annual owner meetings.

We are very fortunate to have a very professional team managed by Urgo accomplishing all of this for us. (See [www.urgohotels.com](http://www.urgohotels.com)).

### **Can I contact other WFL Owner's that own my suite before or after my interval?**

Yes, owners do this all the time – often to adjust or extend visits to the lodge. In order to get in touch with other interval owners, contact the WFL Assistant Manager at the Lodge Front Desk and ask to be put in touch with these owners.

### **How can I meet other WFL Owner's during my stay?**

There is a bi-weekly coffee morning offered every other Monday morning in the Owner's Lounge at 10:00 am for in house owners and the GM is available for a Q&A session. This should allow for all participating owners to attend at least two meetings per year.

### **What is the purpose of the HOA Annual Meeting?**

On a Saturday in April each year the HOA Board presents to all attendees the annual operating results from the prior year, the current year budgeted operating plan, a balance sheet showing reserves and operating capital, rental program results and plans, and short and long term capital project plans. Board key objectives are also presented. The election of members to the Board is also held at this time. All members of the Board are expected to attend and make themselves available following the meeting to meet with owners if there are any questions or items to review in greater detail. Minutes are taken and kept on file.

Owners are invited and encouraged to attend. There is always ample time set aside for Q&A with the Board as well as a time for mingling with the Board and other owners at a reception following the meeting. Special room rates are published for those whose intervals are at a different time.