



March 2025

Dear Unit Owners.

We wanted to let you know that we will not be holding our March 2025 board meeting due to several scheduling conflicts with the board members. The next board meeting will be held at The Cove on Wednesday April 16th at 7:00 p.m.

In the interim, we wanted to share with you some of the progress we have been making:

SAM KELLY AND OUR MARKETING EFFORTS

Sam Kelly has been getting comfortable in his new position as General Manager and we invite you to stop in and introduce yourself to him the next time you are on-site.

Sam is in the process of completing a review for every contract that involves the Cove with the goal of creating cost savings and better terms of service from our vendors. Sam has created a contracts file and a calendar with dates of expiration and required notice periods so we are able to better negotiate terms as each contract comes to maturity.

Sam was also able to reduce our personnel costs in February by just over \$21,000 when compared to February 2024 and it is anticipated the reduction in March will be closer to \$27,000 when compared to March 2024. One of the top priorities we tasked Sam with when he started was to get an understanding of the organizational chart and make more sense of where we are deploying our resources. So far, we have been very impressed with his progress.

Sam and his team are also revitalizing our marketing efforts toward outside group sales and events. We have restarted our efforts to attract wedding parties to The Cove by participating in marketing on *Wedding Pro* and *The Knot*. Sam, Treasure, and Mitchell attended a B.I.D. (Business Improvement District) breakfast and were able to meet with the Mayor, The BID board, a state senator as well as the Chief of Police and Chief of the Fire Department. Sam stated "*it was a fantastic opportunity for bonding in the community.*" B.I.D. is something we have been paying for but not previously participating in over the years.

Here is an excerpt from the B.I.D. website:

The Lake Geneva Business Improvement District (BID) was created in 1991 as a private-public sector initiative for maintaining and enhancing the appeal of the downtown area. The primary goal of the BID is to increase tourism, visitors, and activity within downtown Lake Geneva by planning events, activities, community initiatives, special activities, and reasons for people to come downtown

Our Sales Manager, Mitchell Whelan has been off to a fast start in his new role securing over \$70,000 in new contracts. This is one of the areas Sam is looking toward for boosting our revenue.

In addition to Sam, we have also hired Steve Carson as our new Facilities Director. Steve will also be overseeing the maintenance department, and we are happy to have him on the team.

Sam has been working with our T.V. provider Spectrum to create a “home page” on all the T.V.’s in the rooms so our guests will see a welcoming page when they check in and turn on the T.V.

FINANCIALS

Our budget-to-actual figures for January and February have come in stronger than expected. January was particularly strong as we undertook an effort to collect monthly assessments that had been past due. We still have some work to do in this area as there are still have some unit owners who are not clearing their amounts due at the end of the month. We want to remind everyone that any balances due on your statement are required to be paid in full before the next billing cycle. The board is working on a formal collection policy so we can be more consistent with how we approach past due unit owners but we would prefer to not take any collection action unless absolutely necessary.

We plan to post the January and February “budget-to-actual” figures to the portal for your review. Net of one-time expenses, mainly related to the Expert Roofing invoice, we are just under \$80,000 in positive cash flow for the first two-months of the year. March is expected to be similar in positive cash flow which will put us in a more comfortable position going into the busy summer season. Our total cash position as of the end of February is as follows:

Operating Account:	\$110,065
Reserve Fund / Expert Roofing Funds Due:	\$440,704 (\$365,000 – Expert Roofing)
FF&E:	<u>\$125,705</u>
Total Cash Position:	\$676,474

Our total cash position net of the funds due to Expert Roofing, is \$311,474. This figure is nearly \$100,000 ahead of where we projected to be when the 2025 budget was completed.

We have undertaken a project of changing our accounting software from M3 to QuickBooks. This has been a complicated and involved process and is being accomplished through a team effort by the board members, Hank Zabawski (unit owner and board consultant), as well as our CPA firm, Clifton Larson. Our goal is to reduce the number of general ledge accounts so as to

create more concise and accurate financial statements. We are also going to create two separate divisions within QuickBooks: “Condominium” and “Hotel”. By doing so, we can undertake the detailed process of properly assigning income and expense items to the Condominium or the Hotel or both on a percentage basis. Since we are an association that allows for both rental and non-rental options, we need to properly allocate the items on our income statement and make it fair for all unit owners. This is an ongoing project that we hope to have ready to introduce in the second half of 2025.

We are continuing to post the “Hot Sheet” on the portal, which provides information on room rental percentages, future bookings and other important information. Our goal is to redesign this form to include information that is more pertinent to you, the owners of The Cove.

We are negotiating with a few credit card processing providers to consolidate our credit card payment systems. We have been working with two separate companies for years now which does not seem to make much sense. We are getting competitive bids with the goal of lowering the fees that are paid.

EXPERT ROOFING

As of 12/31/2024, the balance due on our invoice to Expert Roofing was \$730,000. We have been in discussions with them over when the payment was going to be completed. As there is an on-going lawsuit with regard to the roof repair, we wanted to have some assurances as to our liability and exposure regarding the outcome of the suit. We offered to pay \$365,000 (50% of the invoice) in an effort to show good faith. The last half of the payment is going to be contingent on the following:

- A. A completed inspection of the roof by an independent inspector confirming that all of the work has been completed according to the original plans. This inspection has been scheduled and should be completed in the next two-weeks.
- B. Final lien waiver for all material and labor expenses related to the roof repair project.
- C. Complete and final release of any and all liability related to the Travelers Insurance lawsuit

We will keep you posted on any new events related to the Expert Roofing invoice and lawsuit.

30TH ANNIVERSARY

2025 is the 30th year of The Cove. And as many of you are original or near-original unit owners, we want to invite you to make suggestions for how we can properly celebrate this major milestone. Feel free to reach out to the board members through our e-mail account

covelboard@gmail.com

You can also text or call board president Mark Stelter on his cell phone 630-650-0350 to discuss any ideas.

FUTURE PLANS

ELECTIONS

We have two spots that are up for election later this spring. We will be putting out a call for formal nominations (or self-nominations) via e-mail. However, if you are considering the idea and perhaps have an interest in running for either of these positions, feel free to reach out to our Board Secretary Jane Finkenbine at the board e-mail address shown above. You can also reach out to any board member you may be familiar with and they can have a discussion with you about the level of time commitment and expectations for being a board member.

Thank you for putting your trust in us as your board and please communicate with us about your own expectations, concerns and requests. We are here to serve the unit owners of The Cove and our commitment is to continue working on making The Cove the best place to stay in Lake Geneva as well as the most professionally operated hotel on every level.

Sincerely,

The Cove of Lake Geneva Condominium Association Board of Directors

Mark Stelter - President

Donna Wallner - Vice President

Jane Finkenbine - Secretary

Mark Mallerdino - Treasurer

Sandy Wadington - Member, Special Projects