

The 2025 Harborside Inn Annual Meeting – A Message from The Chairman

Good afternoon and welcome to the Harborside Inn Annual meeting. Thank you for taking time from your busy schedule to participate in the management of the Inn.

Meetings such as this are essential to the successful operation of the Inn. We all have roles to play. Our General Manager is responsible for the day-to-day operations of the Inn. The Board of Trustees is responsible for establishing the direction of our organization and approving policies for its smooth operation. The owners are responsible for determining who the Trustees will be for the next year, as well as approving any changes to the Declaration of Trust that defines how the Inn will operate. In the last few years, the Inn has had difficulty in having sufficient owner participation in its role to determine what would be included in the Declaration of Trust. More than 90% of owners who participated in review of the documents supported the changes proposed by the trustees. However, the Declaration of Trust requires a 67% level of participation from the owners in order to make these changes permanent. We have fallen far short of that required amount and often struggle to have a quorum for these annual meetings. Of course, you who are in attendance today do fulfill your responsibilities. We do need more owner participation, and I urge you to speak to other owners in this regard.

As we did last year, the agenda today will not include a power point presentation. In the past, these projections have been difficult to read for attendees. Instead, we shall be discussing the various issues that have occurred in the last year. We will begin with the Secretary presenting for approval the minutes from last year's Annual Meeting and announcing the results of the recent Board of Trustee election. The new members will then take their place at the head table. This will be followed by a presentation of the 2024 annual audit, by the Inn's external auditor, David Levy. This will be followed by a year-end report by the General Manager. We will then discuss the calendar year 2026 budget, Insurance, legal issues, and capital plans.

I would like to discuss how this meeting will be organized. You will have found at your seats today a small information packet that includes today's agenda, a copy of the 2026 budget, a comparison of the 2026 budget to the 2025 budget, and a summary of the Inn's strategic reserves. For those owners who will be participating via zoom, these items have been posted on the Inn's web page. Zoom participants shall be muted throughout the meeting to prevent multiple people speaking at the same time. Questions from owners will be dealt with in three different ways. Owners in attendance, who may have questions concerning the audit, may ask David Levy after he concludes his presentation. Owners in attendance that may have questions regarding other topics may ask them directly to the Board of Trustees, after the intermission the Board always takes to choose the next year's officers. Zoom participants who may have questions can type them into the chat function seen on the zoom screen. The Board will try to answer some of these questions at the end of the meeting, if time permits.

Finally, I would like to take a moment to reflect on what the Inn's has accomplished over the last ten years. In the year 2015, Joe, the general manager, was contemplating retirement. The Trustees wanted a succession plan and attempted to hire an Assistant Manager who could then take over when Joe retired. The Trustees had difficulty retaining an Assistant due to the lack of housing for our employees. So, the Succession plan soon grew into a succession and retention plan. In 2017 the Board Hired Greg as the new General Manager while retaining Joe for an overlap year to help Greg get acclimated. The Inn spent approximately \$50,000 per year on rent for the General Manager. The Board decided that the best approach was to purchase a home that would house the General Manager and family. The Trustees saw this as part of the succession and retention plan. Carl did extraordinary work in accomplishing this. That property has grown in value and will be fully paid for in early 2032.

The housing issue that confronted the Inn in calendar year 2018, became an Island-wide issue by the year 2023 as real estate prices rose dramatically. Hotels, restaurants and the Island hospital struggled to provide housing and had difficulty retaining staff. The Trustees acted by purchasing property in Vineyard Haven to house our seasonal staff. We thank Pat for his excellent work on accomplishing this. This property will also be fully paid in early 2032.

The Inn suffered through the impact of the worldwide pandemic and the resulting global recession and dramatic growth in inflation. This resulted in large maintenance fee increases in calendar years 2023 and 2024. Capital improvements were deferred and small deficits accumulated. The Board took the difficult step of implementing a three-year special assessment beginning in calendar year 2024. The purpose of the assessment was to eliminate the deficit, catch up on postponed capital needs and to build reserves which would protect the Inn from any unforeseen emergencies. I am pleased to report that the special assessment has accomplished its purpose. The deficit has been eliminated, we are in the final months of completing capital improvements to all seven buildings on our main campus, and we have begun to grow our strategic reserves.

The capital improvements to our buildings allowed the Inn to increase rental rates to match our competitors. As a result, 2025 has been the Inn's most successful year in terms of revenue generated and occupancy levels. The Inn now offers a venue for special events. The number of units owned by the Inn has decreased. We are in discussions with outside vacation associations regarding the lease of other units owned by the Inn. I am pleased to report that the Inn is in the best financial and infrastructure condition it has been in for many years.

The credit for this remarkable turnaround must be given to our General Manager. With all of the issues that occur daily, he has kept a clear vision of what the Inn should be and has brought us to where we are today. I would like to thank our General Manager, Greg, for an excellent performance during this trying period. Finally, I would like to thank the members of the Board of Trustees who have generously given their time and commitment to making the Inn the best that it can be for both owners and renters.

Now, I would like to turn this meeting over to the Board Secretary, Arthur Young, to present last year's minutes and announce the results of the 2025 election.