

March 2019

Hughes Private Capital Investor Update

ROI Strategies

Here is your monthly update on Polo Estates mobile home park from Major, our “man on the scene.”

Last Thursday, the city of Columbia had a public meeting with the winning bid company for the installation of city service water to the property. The winning company and Columbia Utility Development and Engineering Department agreed to break ground, so the project can be completed and inspected, expected to supply service by the end of March.

The park started its installation of water meters this week. There were a few setbacks with the installation, however all meters will be installed before the end of the month. Also, we are currently accepting bids for the soon-to-be-installed city service water line which will be connected to the park’s main water lines. Our connection installation is not to commence until the city water service is available to the property. Finally, we were able to fix and install all main water valves (total of 55 valves) in the park as of today.

The paving of the park is still in process. The paving company operator has had a few setbacks. Both he and I have made a signed addendum to the contract to complete the job. We are paying for the material and rental equipment directly to suppliers until job completion. At the completion of the job, all paid expenses, deductions, and fees will be subtracted from the remaining contracted amount. That is the explanation for the expenses as described in last week’s end of month report. As for the installation of the remaining street lights, SC&G has marked the locations and is waiting for the weather to clear. One way or another, work has been done on the property every day and is moving along.



On a fun note, soccer goals were installed after my last update. The children of the community swarmed the manager as they were being installed. The community has really come to life.

--Major

Buy and Hold Fund

Putting seven people on the ground in four cities has been exciting, but it hasn’t been without challenges. If we have learned anything after years of running various companies, it’s that a few hiccoughs are to be expected within the normal course of operating a business. It’ll take a little time to get things firing on all cylinders for our remote team, but we’re getting there.

We had to remove a property manager in Cleveland, our largest market with over 90 homes to date. As a result, in addition to buying and rehabbing homes there, our team has also taken over property management duties. (Eventually, we plan to take over management of all the properties, but due to some issues with the property manager, Cleveland required a timelier intervention.)

In the process of tidying up, we have discovered dozens of tenant service calls that had gone completely ignored. This is unacceptable (a testament to why we removed the manager in the first place!), and it also probably explains why Cleveland had our highest turnover rate. It was very disappointing to see such a serious dereliction of duty with a vendor we paid well and who continually assured us everything was going smoothly.

Fortunately, our staff swooped right in and has been working on overdrive to get it handled. We are 100% committed to maintaining a high standard, providing our tenants with the quality homes that they deserve.

With our own team now managing the Cleveland portfolio of properties, we expect occupancy rates to rise quickly with much less turnover. This should help offset the few short-term repairs and maintenance costs we’re dealing with right now.

This is why you are an investor and not a landlord: you no longer have to worry about things like this!

Since we plan on taking over property management duties in all locations, this is an important and exciting step toward the future for all of us.

Until next time,

Steve Sixberry

Greg Hughes