



## May 2005

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### **New York City Tax Issue Supported by CHPA**

As you may be aware, CHPA is assisting some of our members in the New York City market as they react to a new tax levied against them. New York City passed a hotel room occupancy tax in December of 2003. This tax applies to extended-stay hotels, corporate housing providers and bed-and-breakfast properties that had not previously paid this tax. Our members, however, were unaware of this tax until February 2005. At that time, they brought it to the attention of the CHPA Board of Directors. CHPA leadership unanimously agreed to support our members in their fight against this tax. Below you will see the outline of this situation and how CHPA assisted our members in this situation, as well as how the Association is available to help your company in similar situations.

New York City CHPA members rallied together locally, combining forces and resources to become better informed of the issues affecting them. Using the Association's 'identity', these members retained legal counsel to review, negotiate and combat this new tax. CHPA staff assisted their efforts by acting as a conduit of communication, collecting financial resources to support legal fees and organizing meetings, etc. There has been much progress to date from these organized efforts. Attorneys were able to negotiate more favorable terms, including a later tax collection date and a clear inventory date to pay the settlement. The retained attorneys continue to battle the validity of the tax for future collections.

The Association assisted in retaining legal counsel, collected confidential information necessary to inform attorneys and also organized and managed funds specifically in support of this joint effort. These CHPA members, staff and attorneys communicated almost daily on this issue for the past month. Several new members also joined CHPA predominantly to take advantage of these benefits so they would not have to combat this situation independently. As the voice of the corporate housing industry, CHPA was able to 'speak' for its members and allow them the freedom to pursue this issue from a variety of angles.

CHPA staff also contacted other members in the New York City area to ensure they were aware of the issue and inform them of this organized effort. The Association is well positioned to immediately react to these situations and affords the members affected a cloak of anonymity while more information is gathered.

Several members outside of the New York City market have contacted CHPA, asking if the Association will be keeping abreast of tax and legislative issues that may impact corporate housing. Currently, CHPA members are so geographically diverse that the monitoring of all state and local municipalities is not possible. CHPA does not have the resources necessary to fund issues across America. If there is an issue to be addressed on a state or regional basis, the members in that state or region would organize to fight the issue together, similar to the situation with the New York CHPA members. If CHPA is notified of such issues by the membership, the Association can be a conduit for collecting funds to address the issue and communicate important points to all potentially affected members.

Please be assured that if there is an issue that impacts our member companies as an industry, either nationally or internationally, and CHPA is able to take a stand on this issue, we will do so. We encourage you to get involved in the local network connections events and regional luncheons as ways to stay informed of the constant changes in your marketplace.

For additional information, please contact the CHPA office at (317) 328.4631 or email [info@chpaonline.org](mailto:info@chpaonline.org).

## **What is Corporate Housing?**

We all face the challenge of prospective clients not understanding the concept of corporate housing. Help us get the word out to the world about corporate housing as a profession and CHPA as the place to be in the industry. It's easy!

- Download the CHPA logo from the members section of the CHPA website – [www.chpaonline.org](http://www.chpaonline.org). When you are reprinting your business cards, simply add the logo somewhere on the card. At no additional cost, you can easily show your support and CHPA membership.
- Add a tag line to your email signature. A brief line such as, "Find out more about corporate housing at [www.corporatehousingproviders.org](http://www.corporatehousingproviders.org)" or "Member, Corporate Housing Providers Association, [www.corporatehousingproviders.org](http://www.corporatehousingproviders.org)" will increase the visibility of your company, your profession and your association.

The "What is Corporate Housing?" fact sheet has just been updated with new statistics from Smith Analytics. You will find the updated fact sheet attached to this email, as well as in the Resources/Tools section within the member section of the CHPA website, along with many other great tools and resources provided to you from CHPA! Be sure to take advantage of these member resources.

Working together, we can increase understanding of corporate housing as a lodging sector option and as a vibrant profession.

## **Welcome New CHPA Members!**

Provider Members:

**bella Relocation**, Grand Rapids, MI  
Kristen Valentine, kvalentine@bellarelocation.com

**Chase Knolls Apartment**, Sherman Oaks, CA  
Eric Hoffman, chaseknolls@yahoo.com

**Corporate Quarters**, Omaha, NE  
Maddy Rock, [mrock@richdalegroup.com](mailto:mrock@richdalegroup.com)

**Crimson Temporary Housing**, Phoenix, AZ  
Jay Contreras, jcontreras@crimsonworldwide.com

**Pavilion Apartments**, Chicago, IL  
Mary Jester, maryjester@forestcity.net

**Subletinthecity.com**, New York, NY  
David Drakborg, david@newyorkcitycorporatehousing.com

**Suite Accommodations**, Roseville, CA  
Tara Smith, [tsmith@suiteaccommodations.com](mailto:tsmith@suiteaccommodations.com)

**Associate Member:**

**Fashion Furniture Rental**, Irvine, CA  
Karen Whitfield, kwhitfield@fashionfurniture.com

Please feel free to forward any potential CHPA members to Lori Justin at [ljustin@chpaonline.org](mailto:ljustin@chpaonline.org).

### **Our New CHPA Liability Program Has Produced Amazing Results!**

With only 30 days into the program, the new liability program has realized four CHPA members well over \$150,000 in savings! The liability program is based on the number of units you hold in your portfolio.

*Benefit Resourcing* and *Partners USA* is an Indiana based company that provides high quality property, casualty and group health programs. Their professionals offer over 20 years of insurance and association industry expertise, and they pride themselves on personalized customer service no matter the size of its members. In addition to liability, they offer a full variety of insurance products from premier providers to members at discounted rates.

For questions, contact **Ron DeVince** at *BRI/Partners USA* at (888) 258-6820 Ext.171 or e-mail at [sales@partners-usa.net](mailto:sales@partners-usa.net).

### **2006 Annual Conference Golf Outing?**

The Conference Committee is looking into new event ideas for the **CHPA 2006 Annual Conference - *New Opportunities, New Ideas, New Perspectives... in Newport Beach, February 7-9, 2006.*** One event that has sparked an interest with the Conference Committee is a CHPA golf outing. Would you be interested in participating in a golf outing during the Annual Conference? Your input and suggestions are valued by the Conference Committee, so please email Jane Ramsey - [Jane@StayAnnapolis.com](mailto:Jane@StayAnnapolis.com) - directly with your comments on a possible golf outing at the 2006 Annual Conference. Thank you for your input.

***As the majority of CHPA members are independent business owners, we thought you would find the following article of interest. Although originally written for a real estate publication, the tips are applicable to any family-owned business.***

## **Succession Planning... Retiring Minds Want to Know**

By **Steve Bredeweg**, *Northwest Suites & Housing Services*

So you've built a successful real estate business. Congratulations. Now what? Are you going to continue to run your business forever, or do you desire to eventually reap what you have sowed and write new chapters in your life?

Many business owners are uncomfortable talking about aging/retirement, their financial affairs, and especially death. But, the timing is right for many to begin addressing the issue of business succession planning. Your financial future and the future of your loved ones could be at stake.

Let's take a look at three potential options based on the following scenario: Debbie owns a corporate relocation consulting company, called CRC. CRC is a relatively small regionally based company with 25 employees specializing in destination services. Debbie is thinking about her eventual retirement and wondering what her options are for transitioning her company—and her employees.

*Option #1: Sell the company.* A national relocation company is interested in her company and negotiates a deal. The purchase price is less than what Debbie feels is right for the company. The deal is made up of some cash up front and a portion of the proceeds in future stock. The company is willing to hire a few of her employees. The closing happens within a few months.

Pros:

- Cash up front (potentially)
- Defined closing date

Cons:

- Taxable transaction
- Value negotiation (sellers usually feel their company is worth more than someone is willing to pay for it)
- Usually a quick transition plan – might be bad for company
- Employees are left with new owners

*Option #2: Shut the doors.* Debbie's efforts to find a buyer do not materialize, and she does not have any heirs to succeed her. As a result, she liquidates her assets, lets her employees go, and wishes her clients the best of luck.

Pros:

- Legally the easiest to walk away from
- Fewer professional fees
- No tax implications related to a sale

Cons:

- No realized value for the equity
- Employees must find other employment
- Clients feel abandoned

*Option #3: Sell to employees through an ESOP.*

Debbie sells her company through or to an Employee Stock Ownership Plan. By establishing

an ESOP, she is able to sell the corporation for fair market value and without capital gains tax. A Trust is created to represent the employees, and the Trust purchases the stock using company profits. The profits used to purchase stock lower the company's taxable income. Debbie hires a strong manager or team of managers to run her operations and transitions out over an agreeable period of time.

Pros:

- Tax-free sale for departing owners
- Sellers create a guaranteed buyer for their stock
- Corporation reduces its taxable income

Cons:

- Potential of high expenses
- Learning curve for owners, employees, and others
- Owners "cash out" over time
- Future cash requirements can cause cash flow challenges

Did you know that more than 70% of family-owned businesses do not survive the transition from founder to the second generation? In the majority of cases, the assassin is taxes or family dissension. Business succession planning is guided by three main questions:

Who is going to manage the business?

Who is going to own the business?

What are the potential tax implications?

In seeking the answers to these questions, surround yourself with qualified professionals and leverage the expertise of attorneys, accountants, and valuers who do this for a living. It may be equally beneficial to seek out other individuals or companies who have already been through the analysis you are about to embark upon.

Succession planning is not a "one size fits all" program. It does take time and will require some expense to develop a good plan, yet it is well worth the investment and resulting peace of mind. During this time, it's also very important to spend some time thinking about A.D. (after departure) goals. You've worked long hard days for many years and will need to set some goals for how you're going to spend your time and money when you aren't required to go to work everyday.

Departing owners must look at their individual situation and decide what is best for them and their employees. There are several resources to help guide you through the ESOP process including the National Center for Employee Ownership ([www.nceo.org](http://www.nceo.org)) and the ESOP Association ([www.esopassociation.org](http://www.esopassociation.org)).

Steve Bredeweg is chief financial officer for Northwest Suites & Housing Services. Contact him by phone at (425) 861.0500 or via e-mail at [steveb@nwsuites.com](mailto:steveb@nwsuites.com). Visit the Web site at [www.nwsuites.com](http://www.nwsuites.com) to learn more about the company, which is in the process of becoming employee owned via an ESOP.

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## **April Network Connections Luncheons – A Big Success!**

CHPA just wrapped up the April Network Connections events, and what a success they were for all who attended! Thank you to the facilitators and sponsors for organizing such great events!

Here is what your colleagues are discussing across the nation.

Orange County, CA, April 7, 2005

Facilitated by **Steve Terreault**, *Equity Corporate Housing*

Steve Terreault led a very successful meeting with 21 people attending the event at *Toscana Apartment's Clubhouse*. Very good, active discussions between the attendees took place about short-term stays, tax liabilities, apartment rental rate increase predictions for 2005 and 2006, trends of adding internet into basic rates, as well as sharing inventory in the OC/SD/LA markets. The attendees appreciated everyone's willingness to share information, as well as the chance to network and partner with others in this industry.

The next Orange County Network Connections will be held in October at *Fashion Furniture Rental* in Irvine, CA.

San Francisco, CA, April 12, 2005

Facilitated by **Cynthia Carter**, *Suite America* and **Robb Fleisher**, *AMSI*

*AMSI* and *Suite America* sponsored a large group of 32 attendees with great conversations and discussions. The participants shared information and discussions about local trends, current rental activities, future activities, concerns and future needs. The opportunity for the participants to share information, concerns and ideas was great for all, and they are looking forward to upcoming event this year, as well.

Dallas, TX, April 13, 2005

Facilitated by **JoAnn Brown**, *Suite Interiors*

The San Francisco Network Connections event at *CORT Furniture Rental* also had a great group, including 21 participants. JoAnn led great discussions, and good information was exchanged with very open and receptive participants. The group was very interested in the Extended Stay information that is now included in the reports provided by Smith Analytics. The issue of taxation in different municipalities struck a chord when it was explained what was currently happening in New York with the occupancy tax, and what the New York City providers and CHPA are doing together to combat the situation. This was a great example to the participants of how CHPA can support on a local level.

The participants are looking forward to more meetings on a regular basis, as well as trying to organize panel discussions with Property Management companies and utility companies.

Denver, CO, April 19, 2005

Facilitated by **Gail Peacock**, *Post Corporate Apartments*

*Aaron's Corporate Furnishings* sponsored a great event with a large turnout and dynamic discussions on market reports from Smith Analytics, the OSCAR program, legal issues, taxes, as well as industry and local trends. Utilities are a big issue for the group, and the attendees are very interested in inviting these companies to attend the next meeting.

Overall, the luncheon went very well, and everyone felt they were able to share ideas and thoughts with other attendees. They are looking forward to the event later this year.

Ashland, VA, April 21, 2005

Facilitated by **Mike Glass**, *American Furniture Rentals*

The Richmond, VA Network Connections luncheon held at *American Furniture Rentals* was a success with a high level of participation by the 15 attendees. Mike led the group through discussions on market trends, including the latest upgraded bedding that has been driven by the

hospitality/hotel industry and that more rental communities are offering furnished apartments programs and are therefore competition.

The open discussion included a review of the success of the February Conference in New Orleans and the fact that the number of providers is growing, which is viewed as a positive trend for the industry. Most of the providers said they are partnering with each other to help back fill their vacant units, and this is a true value of working with their competition.

The attendees are looking forward to the next Network Connections event and agreed they would like to see additional suppliers/vendors attending the next meeting, including cable companies, internet providers, telephone companies and utility providers. They are interested in educating these industries about CHPA, what they do and their need to bundle their services.

Orlando, FL, April 21, 2005

Facilitated by **George Bertrand**, *CORT Furniture Rental*

Aaron's Furniture Rental sponsored a very gratifying event for the 16 attendees, facilitated by George Bertrand. The corporate relocation managers from Siemens in Orlando spoke to the group about the latest trends in corporate housing, from a customer perspective. Attendees found the event very informative. The event created great momentum for future gatherings.

### **Detroit Regional Luncheon Update – Great Information and Attendance!**

CHPA members, as well as some non-members from Ohio, West Michigan and Midland joined together at BRAVO! in Detroit, Michigan for the April CHPA Regional Luncheon. The event was a great success with attendees from nearly every corporate housing company in the area represented.

**Mark Milani** from *Shop Call Solutions* gave a great presentation on the importance of the Inside Sales Associate to businesses. He presented many good ideas on improving the effectiveness of this position and how to help these individuals grow their business. His expert strategies and techniques will help the attendees successfully conduct each call. **Ricardo Anders** from *Smith Analytics* updated the group on local trends and statistics, as well as national comparisons, giving everyone a good idea of where the corporate housing market is headed in general. Good news appears to be the story for Detroit!

The networking during this event by all who attended was wonderful. It was great seeing people from outside of Detroit travel to this Regional Luncheon. A big thank you to **Marelyn Krueger**, **Rebekah DuBois**, **Laura Bluemle-Smith** and all of the employees from *Instant Furniture Rental* who helped coordinate this successful event!

### **Upcoming CHPA Events**

<b>Date</b>	<b>Event</b>
Mid June	Los Angeles, CA, Regional Luncheon
Mid September	Atlanta, GA, Regional Luncheon
October	Networking Connections Events TBD
Early December	Dallas, TX, Regional Luncheon
TBD	New York , NY, Regional Luncheon
February 7-9, 2006	<b><i>New Opportunities, New Ideas, New Perspectives... in Newport Beach, CHPA 2006</i></b>

## **What is the difference between a Regional Luncheon and a Network Connections Luncheon?**

**Regional Luncheons** target four to five markets within the US throughout the year and offer a formalized agenda, including various speakers on topics related to the corporate housing industry. The cost for attending these events vary by location.

**Network Connections** events are informal meetings that occur more frequently throughout the year. They offer you the chance to learn and discuss market trends and issues, as well as the opportunity to connect with other corporate housing professionals in the area. The cost for attending these events is **FREE**.

The Meetings and Events section of the CHPA website - <http://www.chpaonline.org/meetings/regional.php> - will be updated as the dates and locations are confirmed for the remaining 2005 Regional Luncheons and Network Connections Luncheons.

**Please be on the look out for finalized dates, agendas and invitations for these events.**

**If you are interested in hosting a Network Connections Luncheon, please contact Lori Justin at [ljustin@chpaonline.org](mailto:ljustin@chpaonline.org).**

## **Members in the News...**

### **OAKWOOD CORPORATE HOUSING OPENS OFFICES IN HONOLULU, HAWAII AND NASHVILLE, TENNESSEE**

Oakwood Worldwide, the largest global provider of corporate housing, announced today the opening of two new offices in Honolulu, Hawaii and Nashville, Tennessee, bringing Oakwood's total number of sales offices to 74 worldwide. Corporate housing is defined as fully-furnished apartments that are leased on a month-to-month basis to business travelers, relocating executives and others seeking furnished rentals.

Natalie Diehm, a Hawaii native who brings more than 12 years experience in the corporate housing sector, will manage the day-to-day operations for the Honolulu office, which is located at the Seven Waterfront Plaza between Waikiki and downtown. Oakwood's Nashville office is located at 570 Church Street East in Brentwood. The Nashville office will serve Oakwood customers throughout the state of Tennessee, including Nashville, Memphis, Knoxville, and Chattanooga. Karen Cook, a seasoned veteran who brings more than 22 years of industry expertise and service to Oakwood will oversee the Nashville office.

"We are thrilled to open new Oakwood offices in Honolulu and Nashville and we look forward to building Oakwood's presence in these growing markets," says Gavan James, Senior Vice President and General Manager, Oakwood Corporate Housing. He continued, "As the leader in temporary furnished apartments, Oakwood is committed to providing the best corporate housing for our growing customer base. I am confident that our highly skilled management team in these new offices will continue providing Oakwood customers with the same high-quality accommodations that they have come to expect over the past 45 years."

For the past decade Oakwood has had a consistent presence in the Nashville and Honolulu markets and due to increased demand, the company has decided to establish a permanent local market presence in these locations, further strengthening their leading position in the corporate housing and furnished apartment marketplace.

With inventory in Waikiki, Downtown, and other central locations, Honolulu has proven to be both a unique and ideal hub for Oakwood's clients, who provide their employees with first class accommodations for their business travels on the islands vacation paradise. The Nashville office will have a strong presence in Franklin and Brentwood, two primary locations in the metropolis.

For more information about Oakwood's rates and services, please contact [www.oakwood.com](http://www.oakwood.com), or 1-800-888-0808. If you prefer to contact the local offices, the phone number for Honolulu is 808-543-1101 and the Nashville office phone number is 615-661-6083.

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## **MARRIOTT EXECUSTAY FRANCHISES IN TENNESSEE, EXPANDS IN ALABAMA THROUGH AGREEMENT WITH AHI ENTITY SUITE LIVING, INC.**

Marriott ExecuStay, the corporate housing division of Marriott International, Inc. (NYSE:MAR), has strengthened its presence in the Southeast through franchise agreements with Suite Living, Inc., a sister entity of AHI Corporate Housing. Effective today, Suite Living now operates Marriott ExecuStay in the Tennessee markets of Nashville, Memphis and Knoxville, and in Mobile, Ala., bringing the total number of franchised ExecuStay markets to 40.

Founded 15 years ago and based in Birmingham, Ala., AHI – which created the Suite Living entity as its Marriott ExecuStay operator – is the largest temporary housing provider in Alabama. Owner Ralph P. Moore, CRP, is an active member of the Corporate Housing Providers Association.

“Through AHI and its sister entity, Suite Living, Marriott ExecuStay is reaching with confidence into a part of the country where there’s a significant demand for corporate housing,” said Karen Blair, senior vice president of Marriott ExecuStay. “Ralph Moore and his 40-person team have a great reputation for their sales and marketing acumen and for the well-established relationships they’ve created with many substantial companies throughout the Southeast.”

Moore added, “The time was right to expand, and Marriott was the perfect partner. The Marriott name, and its vast experience in marketing, will combine with our organization to create the leading corporate housing provider in the Tennessee and Mobile-Biloxi markets.”

The contact for prospective Marriott ExecuStay franchisees is Gregory Laubach at (301) 380-1326 or [gregory.laubach@marriott.com](mailto:gregory.laubach@marriott.com).

**If you would like to have your press release or a reprint of an article of interest for CHPA members included in a CHPA newsletter, please submit them to Lori Justin at [ljustin@chpaonline.org](mailto:ljustin@chpaonline.org).**



**The following CHPA members are ready to serve your corporate housing needs today!**

**Aaron's Corporate Furnishings** - Furniture The Easy Way. Your Way. - [www.aaronrents.com](http://www.aaronrents.com)

**Brook Furniture Rental, Inc.** is the leading provider of high quality residential furniture and housewares to the industry- [www.bfr.com](http://www.bfr.com)

**Buehner-Fry, Inc.** - Proven Telephone Long Distance Solutions for Corporate Housing Units - [www.buehner-fry.com](http://www.buehner-fry.com)

**Corporate Choices** - The International Directory of Corporate Housing- [www.corporatechoices.com](http://www.corporatechoices.com)

**CORT Furniture Rental** - Quality. Service. Guaranteed. Furniture rental solutions from the Industry's Leader - [www.cort1.com](http://www.cort1.com)

**Instant Furniture Rental** - Furniture Rental & Sales in an instant - [www.instantfurniture.com](http://www.instantfurniture.com)

**Lodging Kit Company** - [www.lodgingkit.com](http://www.lodgingkit.com)

**Roseland Management Company** - Experience. Expertise. Excellence. [www.roselandproperty.com](http://www.roselandproperty.com)

**Software Answers, Inc.** - Leading provider of Property Management, Call Accounting and Credit Card Processing Software to the corporate housing industry. [www.softwareanswers.com](http://www.softwareanswers.com)

**SuiteNet** - #1 Corporate Housing Directory – [www.suitenet.us](http://www.suitenet.us)