

HARBOR COVE TIMESHARE OWNERS ASSOCIATION

ANNUAL MEETING

OCTOBER 27, 2012

MINUTES

Owners attending: Charles and Sherry Richards, Fred and Deb Humig, Dorothy Jarczynski, and Mary and John LaDrigue,

Board members attending: All Board members were in attendance, except for Mark Ward.

President's Report - Guiding Principles

- Safety
- Comfort—we added quartz heaters for the bedroom area to make the rooms more comfortable
- Conservative financial handling
- Always follow the by laws
- On site management team – this is important
- Keep our units refreshed and upgraded
- Be responsive to owners' comments
- Importance of communications: Harbor Cove website
- Maintain close relationship with Phase I. Having a Board member, Steve Sandor, on both boards allows us to do so.
- Operate in a financially prudent manner – no increase in maintenance fees for 2012 or 2013.

Challenges Association Faces

- Endeavor to keep our maintenance fee structure low but at the same time keep up with maintenance issues and unit updates
- Old ownership base may lead to more delinquencies as some older owners are unable to use their week due to infirmity.

Treasurer's Report: Steve Sandor

- Phase I is in good financial shape, unlike Phase II.
- Reroofing of all Phase I units will be needed in a few years. \$100,000 has already been set aside to replace the roofs, and a total of \$130,000 is needed. It is **very unlikely** that there will be a special assessment to replace the roofs.
- The Community Property group has expended a great deal of money to maintain and improve the various properties used by all condo groups within Harbor Cove.
- Steve presented a very positive and encouraging financial report for our Association. Our Standing Reserve is at \$30,000, while the By-Laws require a reserve of only 10% of

annual revenue, or about \$13,000. We also have an Active Reserve, which by year end 2012 is projected to be \$31,625.

- For year end 2012, Maintenance Fees is expected to be right on budget at \$129,100. We will be over budget in several Expenses categories, like Electric, Management Fee (only \$175 over budget), Replacements (due to purchase of the new dining room sets), and Laundry (due to the new comforters which require commercial laundering). The important thing is that there is expected to be a small operating surplus of about \$2,600 which will be added to our Active Reserves.
- For 2013 Steve is projecting a miniscule operating deficit of about \$600, due primarily to lower anticipated Maintenance Fee collections of \$127,875. Steve is projecting **no Maintenance Fee increase for 2013. Our Maintenance Fee will remain at \$465.** Both Steve and Ken cautioned that due to the economic environment and our aging membership, it is quite likely that there will be a Maintenance Fee increase in 2014.

Unit Improvements – Rich Terry

- Updates and improvements in units:
 - Living room furniture
 - WiFi
 - New televisions
 - New comforters
 - Dining room furniture and six new chairs
- Updates being planned
 - Six panel doors, initially in three units with the poorest quality doors. In the next year or so, the other three units will have doors replaced
 - Pilot project to replace kitchen counters in one unit.

Secretary's Report:

- Election results: The three Board members whose terms were coming to an end, Rich Terry, Mark Ward, and Ken Newberry, were unanimously reelected.
- RCI Issues: The system that was introduced about two years ago adds transparency to the exchange process. The owner who wishes to exchange knows the exact value of his / her week at Harbor Cove, as well as the value of the unit the owner wishes to exchange into. Summer weeks, while really cherished by Harbor Cove owners, have a very high exchange trading power within the RCI system.
- Survey Results, on a five point scale: Unit Upgrades: 4.49; Work of Association Board: 4.58; and Work of Property Managers: 4.31. There were a great many written comments provided by owners, and all have been transcribed by the Secretary and forwarded to Board members for review, analysis, and possible action.

Marketing Issues:

- There was discussion about Mark Ward's suggestion for Quiet Season Get Away Weekends. The price is very low, and some weeks, especially those in December could prove to be of interest for owners wanting to do Christmas shopping the Petoskey / Harbor Springs area.
- Cindy Homeyer pointed out that due to changes in legal issues, she is no longer able to notarize deeds.

Election of Officers for 2013:

- **President: Rich Terry**
- **Treasurer: Steve Sandor**
- **Secretary: Joe Gromala**