

HARBOR COVE TIMESHARE OWNERS ASSOCIATION

ANNUAL MEETING

NOVEMBER 7, 2009

MINUTES

1. Owners attending: Charles and Sherry Richards, Bill and Barb DeRousse, Dorothy Jarczyński, Sajal and Lynn Choudhury, Fred Humig, and Joe Bieke.
2. President Joe Gromala thanked Mark Ward and Steve Sandor who were instrumental in successfully planning this meeting.
3. Joe reported that the Association is in excellent condition. The budget is balanced, there is more than an adequate amount in reserve, maintenance has improved significantly, and the new managers are working out quite well. The only potential difficulties may be collecting all our billed Maintenance Fees in a very challenging economic environment. The Association will continue to employ the collection agency, Collections Unlimited, as they reported considerable success in collecting delinquent Maintenance Fees.
4. Steve Sandor presented the financial summary. For 2009, we are projecting a positive balance of approximately \$9,000, based on projected revenue of about \$134,500 and expenses of approximately \$125,500. Due to fewer weeks being actually owned going into 2010, revenue is expected to be approximately \$129,000 in 2010, while expenses are projected to be also approximately \$129,000, meaning that there is no need to increase Maintenance Fees in 2010.
5. There was considerable discussion regarding increasing difficulty in obtaining desirable exchanges through RCI. Exchange quality seems to have deteriorated in the last two years, and sometimes owners are simply unable to obtain exchanges at all. Joe pointed out that there is a class action suit against RCI on this very issue. It is alleged that RCI is renting spacebanked weeks, rather than offering them to other owners as exchanges. The class action suit has not been resolved.
6. Maintenance Report—Mark Ward – See attached document

2008 / 2009 Harbor Cove Timeshare Association Financial Report

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	2008 plan	2008 actual	2009 plan	2009 actual projected	2010 budget
Reserve funds end of yr					
JP Morgan Funds (reserves)		\$ 28,327		\$ 28,397	
Revenues					
Maintenance fees	\$ 130,500	\$ 131,725	\$ 131,100	\$ 133,296	\$ 127,880
Misc Income	\$ 1,800	\$ 1,310	\$ 500	\$ 1,266	\$ 1,500
Total	\$ 132,300	\$ 132,035	\$ 132,300	\$ 134,562	\$ 129,380
Expenses					
Association Dues	\$ 23,000	\$ 21,920	\$ 23,800	\$ 24,530	\$ 25,000
Board Expenses		\$ 1,032	\$ 700	\$ 510	\$ 700
Bonus	\$ 1,000	\$ 300	\$ 500	\$ -	\$ -
Cable	\$ 4,000	\$ 3,618	\$ 4,000	\$ 3,728	\$ 4,000
Carpet Cleaning	\$ 2,500	\$ 1,282	\$ 2,200	\$ 2,051	\$ 2,200
Cleaning	\$ 21,300	\$ 19,790	\$ 21,300	\$ 23,000	\$ 23,000
Electric	\$ 6,200	\$ 5,780	\$ 6,600	\$ 4,818	\$ 6,000
gas	\$ 6,500	\$ 6,374	\$ 7,600	\$ 6,235	\$ 7,000
Insurance	\$ 3,800	\$ 3,457	\$ 3,800	\$ 3,432	\$ 3,800
Laundry	\$ 5,400	\$ 5,847	\$ 4,500	\$ 1,060	\$ -
Legal	\$ -	\$ -	\$ -	\$ 180	\$ -
Maintenance	\$ 13,200	\$ 14,445	\$ 14,200	\$ 17,500	\$ 19,500
Management Fee	\$ 20,250	\$ 20,438	\$ 21,200	\$ 20,109	\$ 18,000
Painting		\$ -		\$ -	\$ 1,000
Phone	\$ 4,500	\$ 3,861	\$ 4,500	\$ 3,146	\$ 2,700
Sales Commision	\$ 250	\$ 500		\$ -	
Supplies / Printing / Mis	\$ 3,000	\$ 648	\$ 1,000	\$ 800	\$ 1,000
Taxes	\$ 17,400	\$ 14,968	\$ 15,000	\$ 14,395	\$ 15,500
Total	\$ 132,300	\$ 124,260	\$ 130,900	\$ 125,492	\$ 129,400
maint fee	\$ 450	450	\$ 459	\$ 460	\$ 460

Reserve funds at app 21% of annual revenue. Required to keep at least 10%

Projecting to finish 2009 under budget overall. Income is slightly higher than budget.

**Harbor Cove Timeshare Owner's Association
Board Member Trip Report**

Date of Trip:	August 28, 2009
Location:	Harbor Cove Timeshare Units Harbor Springs, Michigan
Board Representatives:	Mark Ward Steve Sandor
Report Distribution:	Joe Gromala Evelyn Schuster Dave Mitchell Ken Newbury Cyndi Homeyer
CC:	Lora Backus Brad Backus

Trip Objectives:

- Informally tour selected timeshare units to review the status of the improvements made.
- Discuss with Lora their plan to make sure the quantity of weekly supplies for the timeshare units are increased to meet the demands of our owners / RCI exchangers.
- Preliminary discussion to identify upcoming fall maintenance week project / budgeted money available.

Commentary:

To coincide with an unrelated trip to Mackinaw City, I requested the opportunity to briefly meet with Lora Backus, and to tour a few of our timeshare units. It so happened that Steve Sandor was in Harbor Springs, and was available to tour the timeshares with me.

Since this was during the "flip" (cleaning time between tenants) some of the units were clean, while others were in the cleaning process. We physically toured units 2, 5, 8, and 11, and discussed any issues as they may relate to the other two. We specifically looked at the improvements that have been made since April 1, 2009, while identifying critical projects that we felt should be targeted for completion during the fall maintenance week. The improvements in unit condition are quite remarkable. Those improvements include:

- Replacement of plastic (worn out) stair runners with more attractive cloth ones
- Placement of pictures on the walls (scenes from HC) in entranceway
- Upgrade of lights at base of stairway
- Upgrade of can lights in both bedrooms
- Replacement of all old rusted, dented furnace / AC registers
- Replacement of all old and broken door stops

- Replacement and repair of old dryer vent pipes
- Replacement of 3 wicker dining room lights with upgrade
- Replacement of kitchen wall telephone (also includes emergency location information)
- Cleaning and servicing of all dehumidifiers (they are now working-which they weren't before)
- Preventative maintenance on all air conditioning units
- Replacement of worn unit keys with professional looking brass keys / fobs
- New check-in envelopes (professionally printed)
- New in-unit reference books (although they are not completed)
- Placement of discount coupon baskets in units (are physically there now)
- Repair of worn TV stands in each unit
- Replacement of worn switch plates (and screws) in each unit
- Thorough cleaning of problem areas noted in fall (behind washer / dryer, behind refrigerator, utility room)
- Replacement of corner guards (to keep wallpaper from peeling off) in affected units
- Replace doorwall in one unit (Phase I expense)
- Entranceway work in one unit (Phase I expense)
- Replacement of bathroom rugs, shower curtains, pillows, shower hooks, and waste baskets in units
- Professional repair of water leak problem in unit #2
- Repair of deck on one unit

While on the tour, we had the opportunity to meet the cleaning people. There were two ladies, working in tandem to clean the units. There were RCI check-ins, so they were hustling to make sure they had the affected units completed by the noon time. The units that we did see that had already been serviced appeared very clean, and had no unpleasant odors that I could detect.

We also briefly talked with Tracy Phillips (our dedicated maintenance person). He has a thorough understanding of the timeshare maintenance issues and is available to work on them as they come up.

I also had the opportunity to tour the common grounds. The pool, beach areas, community house, grounds, and tennis courts all appear in very good condition. The community house has also now been upgraded with some nice furniture in front of the fireplace, which makes a nice congregation point for owners.

Upon returning from the tour, Steve and I talked with Brad and Lora, complimenting them on the nice job that has been done in unit improvements. Steve asked them to put together a wish list for improvements in the fall maintenance week, as well as for the upcoming year. Steve is then going to start working on the budget for next year.

At this point, there is approximately \$2,000 left for maintenance this year. Two critical items for repair during fall maintenance week include re-plumbing the icemaker water supply lines for all refrigerators and the replacement of weather seals around front entrance doors. Other items for completion will be based upon Brad's and Lora's recommendations (and the amount of money we have available). Lora pointed out that some of the furniture, as well as area rugs are becoming extremely worn and will need attention soon.

We also discussed the issue of some owners and exchangers running out of supplies during their visit. Lora will advise the cleaning people to increase the amount of supplies in each unit. She is

going to monitor the use, and adjust as necessary. She does receive copies of the comments cards, and will manage the process. If the amount of supplies used exceeds what was included in our quotation, she has been advised to bill us for any excess expenses.

Followup:

-Lora will increase the amount of supplies in each unit to better meet the demand (to be followed on immediately).

-Brad and Lora will develop a "wish list" for maintenance items, and submit it to Steve and me. Steve can then develop next year's budget, and we can identify specific areas of improvement (to be completed by September 20).

Submitted by:

Mark Ward (August 30, 2009)

Harbor Cove Timeshare Owner's Association
Fall 2009 Maintenance Week Unit Improvement Projects

The following projects were completed the week starting November 2, 2009:

- Replacement of icemaker supply lines to all refrigerators
- Replacement of entranceway door weather seals (Phase I expense)
- Replacement of wall light sconces in entranceway area
- Replacement of blankets
- Addition of "boot trays" in entrance area
- Replacement of drip pans on stoves
- Installation of shelf liner in kitchen cabinets and drawers
- Reconditioning of fireplace face with stove polish
- Installation of GFI plug outlets in bathrooms and kitchens
- Installation of hairdryer in downstairs bathroom
- Removal of old grout in downstairs bathroom
- Removal (replacement where necessary) tub baffles in downstairs bathroom
- Finishing of woodwork on new door wall in Unit 5
- Repair of leaking incoming water line in Unit 2 (Phase I expense)
- Cleaning of exhaust vent fans
- Service of furnaces-removal of cold air hookup to the outside
- Regular cleaning activities scheduled for fall maintenance week

The following project is scheduled for completion between 12-1-09 and 12-30-09:

- Replacement of bath towels, wash cloths, and bed linens

Future projects discussed, but not yet approved by the board:

- Replacement of living room sleeper sofa and chairs, along with downstairs "small bedroom" dresser and night table in all units (early 2010)
- Replacement of fluorescent light in kitchen with new (brighter) fixture (2010)
- Replacement of worn out interior luann doors (circa 1970's) with more modern look 6 panel composite doors, painted white (early 2011)

Longer term projects, not yet in discussion:

- Replacement of carpeting (probably has 2-3 more years of useful life)
- Phase I projects, such as improving the appearance of the decks (entranceway), siding, etc.
- Evaluating condition of washer / dryer units-determining if and when something needs to be done there.