

HARBOR COVE TIMESHARE OWNERS ASSOCIATION

ANNUAL MEETING

NOVEMBER 12, 2011

MINUTES

Owners attending: Charles and Sherry Richards, Elizabeth Erickson, Elizabeth Erickson, Fred Humig, Michael and Jeanne Wood, Margaret Baldwin, Barbara and Sajal Choudhury, and Mary and John LaDrigue,

Board members attending: All Board members were in attendance, except for Evelyn Schuster

President's Report - State of Association:

KEYS TO BEING A HAPPY OWNER:

- YOU MUST BE ABLE TO COMPROMISE
- CHANGE IS INEVITABLE
- EXPECTATIONS MUST BE REALISTIC

OVERVIEW OF BY-LAWS

- OUR BOARD OF DIRECTORS IS COMPRISED OF 7 OWNER MEMBERS
- MEMBERS OF THE BOARD ARE ELECTED TO 2 YEAR TERMS (4 ONE YEAR, 3 THE NEXT)
- A QUORUM OF OWNERS REQUIRED FOR BOARD ELECTIONS (35% OF WEEKS OWNED)
- OFFICERS ARE ELECTED EACH YEAR
- ANNUAL MEETING TO BE HELD 1ST OR 2ND SATURDAY OF NOVEMBER EACH YEAR
- BUSINESS OF ASSOCIATION TO BE DISCUSSED AT ANNUAL MEETING
- IF THERE IS A VACANCY ON THE BOARD, BOARD CAN APPOINT REPLACEMENT
- BOARD MEMBERS ARE NOT COMPENSATED FOR THEIR SERVICES
- WE MUST CREATE A BUDGET EACH YEAR AND ABIDE BY IT
- WE MUST MAINTAIN A CASH RESERVE ACOUNT OF AT LEAST 10% OF BUDGET
- AMMENDMENTS TO BY-LAWS REQUIRE MAJORITY (ALL WEEKS) APPROVAL OF GENERAL MEMBERSHIP
- COPY OF BY-LAWS ON OUR WEBSITE

DECISION MAKING PROCESS - PRIORITY OF DIFFERENT CATEGORIES

- #1: SAFETY MUST BE NUMBER ONE!!
- #2: LEGAL AND REPORTING
- #3: FISCAL RESPONSIBILITY
- #4: OWNER SATISFACTION
- #5: EXCHANGER SATISFACTION

A LOOK AT THE FUTURE

- SHORT TERM, MODEST COST INCREASES
- AGGRESSIVE UNIT IMPROVEMENT PROGRAM TO CONTINUE
- HARBOR COVE / PETOSKEY AREA ONLY TO IMPROVE IN VALUE
- REGULAR ASSOCIATION LEADERSHIP ROTATION
- MORE GENERAL MEMBERSHIP INVOLVEMENT

Site Managers' Report

Harbor Cove Property Improvements

- New roof on beach house and part of new roof in Community Center Building
- Updated men's locker room in the Community Center
- New pool furnace and hot water heater at indoor pool
- New pool furnace for outdoor pool and new hot tub furnace
- Extensive spraying for large destructive weeds, which if not destroyed, could take over the beach.

Phase One Changes and Comments:

- New entrance sign
- Roof and siding repairs
- Located outdoor water shut offs
- Upper decks repaired
- Some windows replaced and are doing the worst ones first
- One foreclosure
- Phase One has \$100,000 in reserve, an excellent level
- There were four or five power outages this summer, and there may be some expense in repairing lines and conduit, and parking lot may be dug up in some areas.

Unit Improvements During 2011

- New drapes in master bedroom and twin bedroom
- Bedding comforters in master bedroom and twin bedroom
- Twin bedroom dresser and nightstand
- 28" flat screen HD TVs
- Wireless internet
- Ottoman with tray
- Quartz heaters for master bedroom

Plans for Further Improvement- Priority not Established

- Glass doors on fireplace
- Kitchen updates
- Replace interior doors
- Replace closet doors
- Interior painting
- Replace carpeting

- New kitchen appliances

Treasurer's Report -- See Exhibit One (attached)

Secretary's Report –

- The four officers, who were “up” for reelection, Steve Sandor, Cyndi Homeyer, Evelyn Schuster, and Joe Gromala were reelected.
- Almost eighty owners, representing about 125 weeks, responded by completing the proxy card.
- **RCI Related matters:**
 - RCI exchanges are important, as almost forty per cent of our owners exchanged their week during the recently ended RCI accounting period.
 - Exchange results are sometimes better if the owner uses rci.com.
 - Ability to obtain a desirable RCI exchange depends on a very complex process. Factors leading to better exchanges include the date of the deposit of the Harbor Cove week, the seasonal designation of the week deposited, size and type of unit deposited, and demand within the RCI system for the week deposited.
 - RCI is making the exchange process more “transparent,” and owners are now able to instantly know the “trading power” of the week they are planning to deposit.
 - In order for the owner who receives an exchange from RCI to actually occupy the unit presented to the owner, Harbor Cove maintenance fees must be paid to date.
 - Joe presented a two page summary of other exchange companies, should an owner want to try another company besides RCI.

Deed Preparation: Cyndi Homeyer

Cyndi presented a very complete deed preparation kit that will enable the interested party (seller or purchaser) or his / her attorney to prepare and file the required documentation for the purchase or sale of a timeshare week at Harbor Cove.

New Officers:

- President: Ken Newberry
- Vice President: Rich Terry
- Treasurer: Steve Sandor
- Secretary: Joe Gromala
- Board Members:
 - Mark Ward – former President
 - Cyndi Homeyer – deed preparation
 - Evelyn Schuster – other duties

Incoming President's Report

Core Values of Our Association

- Provide fiscally transparent and fiscally responsible management of the timeshare units.
 - Publish financial statement on our webpage
 - Establish a goal of minimal or no dues increases
 - Maintain adequate reserves for unforeseen events
 - Evaluate cost-benefit and quality of purchases and services
- Maintain and upgrade each timeshare unit to provide a safe, modern and enjoyable Up North experience for each owner and guest.
 - Establish a long range plan to provide a timeline for unit upgrades and furniture/furnishing replacement
 - Develop a positive feedback system that allows owners to provide suggestions for improvement and commendations for good service.
- Work with management to offer high quality customer service.
 - Establish customer service response standards
 - Develop an online owner feedback survey
 - Establish expectations for owners

Planning Targets

- Evaluate our RCI relationship to bring greater value to owners
- Provide quarterly email updates to owners
- Explore options to market owner and association units for sale or rent