

## HARBOR COVE TIMESHARE OWNERS' ASSOCIATION

### BOARD OF DIRECTORS

#### BOARD MEETING – SEPTEMBER 19, 2013

The meeting commenced via conference call at 8:05, and all members, other than John Ballantyne were present for the call.

#### PRESIDENT'S REPORT:

- **Annual Meeting:** will be at the Crowne Plaza Hotel in Auburn Hills, MI on November 16, 2013 from 11:00 to 3:00. There will be a general meeting, followed by a working lunch, and then a Board meeting. The proxy cards and letter will be mailed by Brad and Lora, and owners will send their responses to Joe.
- **Weeks Owned:** The Association owns fourteen weeks, and there apparently are owners who in total own twenty weeks who are interested in selling. Ten owners are behind in paying maintenance fees, some several years behind, and in one or two cases the arrearage amounts to \$10,000 to \$12,000. Steve budgeted for 278 paying weeks, where the owner has paid the maintenance fees, but thus far we have collected on only 275 weeks.
- **Recent Improvements:** Rich previously distributed to Board members in a September 12 email a summary of the many improvements that have been made in the last few years.
- **Lawyer Visit Regarding Delinquents:** The attorney Rich visited with suggested a letter to the delinquent owners, threatening to put a lien on the week(s) owned, and as a last resort taking the delinquent owners to court. Rich reported that he wrote a letter to the delinquent owners, but he received no response whatsoever to the letter.
- **Owner Feedback Form:** Last year Ken developed an excellent owner feedback form and Joe compiled the results. Unfortunately the Board has not taken action on very many of the significant items mentioned by the owners. Now, we probably need a partially new set of questions, as several of the questions last year requested feedback about the updates that were completed just prior to the distribution of the survey form.

#### TREASURER'S REPORT:

- Our income is about \$1,400 under budget, due to a lower level of maintenance fee income, while our expenses are about \$2,100 over budget. The over budget in expenses is due to the cost of new doors in the units, \$4,000, an expenditure of \$2,300 for the washer / dryer combined units in two units, and about \$1,800 for air conditioner maintenance. All the washer / dryer units were purchased at the same time, so it is reasonable to expect that the other units will fail shortly.
- Steve reported that Phase I is doing well financially. For 2014 there will be no increase in the amount we pay Phase I. At this point in time Steve has not heard whether there will be an increase in our charges from Common Property.

#### SECRETARY'S REPORT:

- Joe commented that along with the minutes he will send along an updated directory of Board members, since we have had several changes.
- Joe again restated the importance of looking outward to learn what other resorts that face issues similar to ours are doing. In an email he sent previously he referred members to two articles in *Timesharing Today* which discussed some of the potential problems and possible solutions.

#### REPORT FROM PROPERTY MANAGERS:

- Brad and Lora are interested in learning if we need anything "special" to be done during Maintenance Week.
- Board members make these observations as to special treatment needed:
  - > Replace molding in Unit 14 in the kitchen
  - > Replace moldings in the entrance area at floor level that have been damaged over the years due to salt being tracked in.

- > Consider whitewashing the far wall, over the stairs. The project elicited some discussion, as Mark Ward when he was on the Board was opposed to it. It was decided to do whitewashing in one unit, probably Unit 14, as an experiment, but to definitely not proceed on Unit 2 in deference to Mark's previous comments.
- > Decide whether the washer / dryer unit in Unit 2 can be repaired or must be replaced.
- > Ensure that furnaces are thoroughly checked out.

#### **NEW KITCHEN PROPOSAL:**

- o Rich is concerned that the cabinets in several of the units are in poor condition, especially the cabinet drawers. Rich and Bev have done a lot of work on this project, and he previously included in email information about the cabinet company he favors.
- o The cost for new cabinets and counter tops could be about \$5,000 per unit, and the question is funding. Someone suggested doing the kitchen update in solely one unit this year.
- o In addition, Rich suggested that we go to king sized beds at the same time we update the kitchen. The cost for the king sized bed and associated furniture is about an additional \$1,600 per unit. Rich also suggested that we request a special assessment from owners over and above the normal maintenance fees. Other Board members were not at all in favor of a special assessment.
- o Rich will look in detail at the proposal for new kitchen cabinets and counters, and he will report back to the Board. At this point, there does not seem to be support for the king sized beds, as few owners expressed dissatisfaction with the current beds.

#### **MAINTENANCE FEE INCREASE:**

- o In the next week or two Steve will refine the budget numbers for the 2014 fiscal year. He is a bit concerned that this year our financial position will probably be break even at best, as opposed to a surplus in the last several years of \$6,000 to \$8,000. Having year by year surpluses has allowed us to build up our unrestricted surplus.
- o Board members seemed to feel that a maintenance fee increase was needed, but the question is whether it should be \$5.00, \$10.00, or \$15.00 per week. If we go with a larger increase, the Board seemed to feel that this would be a two year increase, with no change in maintenance fees in 2015. There was also concern that as we approach the "magic \$500" maintenance fee level, other owners may be motivated to cease paying their maintenance fees.