

HARBOR COVE TIMESHARE OWNERS ASSOCIATION

ANNUAL MEETING

NOVEMBER 8, 2014

MINUTES

The meeting commenced at 11:05, and there were twenty three persons in attendance.

Secretary's Report:

Joe reported that we received a sufficient number of proxy responses such that we could conduct a valid meeting.

The minutes of last year's meeting were approved, with a motion by Mark Ward and a second by Ken Newbury

President's Report:

- Rich announced that he no longer will be President. Steve Sandor will be President, and Mark Ward is returning to the Board, and he will be Treasurer. Joe Gromala will continue to be Secretary, and other Board members will also continue to serve. Steve will continue to serve on the Board of Phase I, and this is a big "plus" for our Association.
- Kitchens were replaced in Units 5 and 8 in the spring, and two more will be completed during the Fall Maintenance Week, and the remaining two will be done in the spring of 2015. The project does not include replacement of appliances. Including removal of the existing cabinets and installation of the new items, the cost is approximately \$4,600, which is less than budget.
- Rich reported that there were minimal maintenance problems during the year, with the replacement of two washer and dryer units (\$1,400 per unit) being the most significant.
- There were complaints about the condition of the beach. The Department of Environmental Quality came out. The shells were cleaned up, but we are not able to move sand around or re route the stream.

Treasurer's Report:

- Steve reported that our Reserves declined by \$5,000 versus budget because collections of maintenance fees are less than budget. If we had collected maintenance fees from all owners, our income would have been \$17,000 higher.
- Phase I dues are increasing, for the first time in several years, and one reason is much higher snow removal costs last winter.
- Thanks to Ken Newbury's fine efforts, Cable costs will actually be lower by about \$1,000 in 2015.
- Laundry charges will be considerably higher in 2015. Brad and Lora had been doing the laundry, but at their new location they are unable to continue doing so. The cleaning people are now doing the laundry and charging \$1.00 per pound. Cleaning costs will remain unchanged.
- Standing Reserves are at 23% of budget, or \$30,000.
- It is projected that by year end 2015 our Active Reserves will only be \$5,000. We will be taking out approximately \$10,000 to fund the remaining two kitchen renovations. By the beginning of next year's summer season, all kitchen will have been updated.
- We will be experimenting by using Vacation Rental by Owner to attempt to rent Association owned weeks. Owners who can't use their weeks are also eligible to participate in the program. Full information will be available early in 2015. The Association owns 14 weeks, and we are aware that an additional 21 weeks are available for sale by various owners.

- **2015 Maintenance Fee:** Due to increases in Phase I fees, higher laundry charges, and fewer owners paying their Maintenance Fees, **the Maintenance Fee will increase to \$495 next year.** To put the collection problem into perspective, Steve is budgeting to collect Maintenance Fees from 265 owners, whereas a couple of years ago we received payments for 275 owners.
- In spite of the Maintenance Fee increase, Steve believes our Association is in good shape financially, especially since our reserves are far in excess of the 10% required by the By Laws.
- Phase I has \$150,000 in reserve, and is very well managed. Some of the large reserve amount is for future roof replacement,

Website Development: Mark Ward

- Mark reported that for the time being we will be using the existing Shutterfly website, as the website developed by John Ballantyne is not completely operable. The Board will make a decision in 2015 whether to finish up on John's website and continue with the Shutterfly site.

Harbor Cove Timeshare Association Financial Report

Nov-14

Sandor

	2014 actual - through Sept	Projected Full Year 2014	2014 Budget	% budget	2015 Budget
Revenue					
Maintenance Fees	\$ 123,279	\$ 124,000	\$ 128,780	96.3%	\$ 131,175
Misc Income	\$ 44	\$ 75	\$ 100	75.0%	\$ 100
Total	\$ 123,323	\$ 124,075	\$ 128,880	96.3%	\$ 131,275
Expenses					
Association Dues	\$ 18,397	\$ 24,530	\$ 24,530	100%	\$ 25,550
Board Expenses	\$ 118	\$ 850	\$ 850	100%	\$ 850
Cable	\$ 7,460	\$ 10,000	\$ 10,100	99%	\$ 8,800
Carpet Cleaning	\$ -	\$ 1,000	\$ 1,500	67%	\$ 1,500
Cleaning (see note 7)	\$ 19,935	\$ 25,000	\$ 26,000	96%	\$ 26,000
Electric	\$ 4,753	\$ 6,270	\$ 6,500	96.5%	\$ 6,500
gas	\$ 5,307	\$ 6,000	\$ 6,000	100%	\$ 6,000
Insurance	\$ 2,870	\$ 3,400	\$ 4,000	85%	\$ 4,000
Laundry (see note 7)	\$ 3,287	\$ 4,500	\$ 5,000	90%	\$ 8,000
Legal	\$ -	\$ -	\$ 200		\$ 200
Maintenance	\$ 3,275	\$ 5,800	\$ 7,000	83%	\$ 7,000
Management Fee	\$ 14,400	\$ 19,200	\$ 19,200	100%	\$ 19,200
Project work (kitchens) (see note 3)	\$ 9,268	\$ 19,000	\$ 20,000	95%	\$ -
Replacements	\$ 2,663	\$ 4,100	\$ 5,000	82%	\$ 5,000
Supplies / Printing / Misc (note 6)	\$ 1,799	\$ 2,600	\$ 1,000	260%	\$ 1,000
Taxes (see note 2)	\$ 11,748	\$ 11,750	\$ 12,000	98%	\$ 12,000
Total (see note 3)	\$ 105,280	\$ 144,000	\$ 148,880	97%	\$ 131,600
income-expenses (see note 3)		\$ (19,925)			\$ (325)
Maint Fees (see note 5)	\$ 470	\$ 470	\$ 470		\$ 495
Reserves					
Standing Reserve funds (1)	\$ 28,400	\$ 30,000			\$ 30,000
Active reserves at year end	\$ 36,000	\$ 16,075			\$ 15,750

Notes:

- 1) The By-Laws of Harbor Cove timeshare Owners Association require that a separate reserve account equal to a minimum of 10% of the annual revenue be maintained for unforeseen expenses that may arise during any year. HCTS standing reserve funds is at app. 23% of annual budget.
- 2) For tax purposes, the deductible property tax is \$39.16/week owned.
- 3) \$20000 Spending was approved in excess of income for kitchen renovation.
- 4) Active reserve funds are cumulative excess of income-expenses.
- 5) \$25 increase in maintenance fees is required this year required for increased costs, especially for laundry, and reduced income from non-payment of maintenance fees.
- 6) Transferred \$1588 from active accounts to restricted reserves to raise total to \$30,000 and moved funds from JP Morgan to PNC bank CD with better interest return on funds
- 7) New cleaning / laundry arrangement. RPRM no longer doing laundry, had to split budget between cleaning and laundry. Costs are higher with the new arrangement so combined budget will be higher next year.