

HARBOR COVE TIMESHARE OWNERS' ASSOCIATION

BOARD OF DIRECTORS

BOARD MEETING –APRIL 30, 2015

The meeting commenced at 7:35, and the following members were "present" via conference call: Steve, Mark, Cyndy, Rich, and Joe.

Steve's agenda was approved as presented, except that there was to be no discussion on Item #5, Owner / visitor survey, and Steve is not yet ready to discuss the collection agency question.

Action Item List:

- The following items are still pending: Brad contacting owners regarding rental weeks, a letter to owners regarding the switch in website to the Shutterfly site, and involvement with the Pure Michigan site.
- These items have been completed : confirmation that Brad and Lora are bonded and probably the cleaning people are bonded as well.

Financial Update:

- Mark reported that we have collected \$124,905 of the \$131,175 of budgeted collections. We are on budget for the first quarter of the year, chiefly due to the fact that due to the very cold winter weather fewer owners / exchange folks occupied the units, meaning that we were under budget in laundry, cleaning, and maintenance. Total expenditures year to date were \$36,835, versus budgeted expenses of \$35,640. If we are able to collect the budgeted amount, \$131,175, it is likely that we will be able to undertake the renovation of the two remaining kitchens. A final decision will be made in July, so that work could be scheduled this fall.
- Mark reports that he looks at expenses at least once or twice a week.
- An audit will be conducted later this year, as there was no audit last year. The estimated cost is \$500.
- Mark advised that Board members should not be overly concerned about the numbers on the Accounts Receivable Aging Summary because payment plans are in effect for some of the delinquent owners, and most of the delinquencies have been addressed in one fashion or another.

Insurance and Claims

- We have had several insurance claims recently, and Steve is not comfortable with the insurance program. At a later meeting, the Board will review our insurance program.
- A pipe burst in Unit 19, and there was considerable damage in Unit 20. Phase One paid over \$10,000 for repairs. We were responsible for \$782 in repairs, including painting and carpeting dry out, among other things. These expenses were not submitted to the insurance company for reimbursement.
- Laura has agreed to obtain a summary of our current insurance program so that it could be more easily reviewed.

Packaging Weeks through RCI:

- Prior to the meeting, Joe forwarded agreements from two timeshare resorts he had obtained from our RCI Account Rep. These are really right to use agreements, similar to rental agreements. The two resorts have attempted to come up with somewhat creative approaches to obtain additional income from weeks that are not very desirable.
- There are numerous questions related to these agreements. One is why the right to use is of three or five years duration, rather than for a single year. Another is will RCI allow the renter to exchange the week individual now has by virtue of the right to use agreement. Our Board believes that the renter, rather than our Association should be a member of RCI to minimize complications for us.

- Joe will contact the RCI Account Rep to attempt to receive answers to these questions, among others.

Policy Change Regarding Spacebanking Weeks in Future Without Paying Maintenance Fees

- Recently we have encountered two situations where a Harbor Cove owner spacebanked his week, presumably used his the week he requested, his spacebanked week was claimed by an RCI member, and the Harbor Cove owned did not pay his Maintenance Fee. This action caused a loss of revenue to the Association.
- Steve proposed that an owner requesting a spacebank on a week in the future for which maintenance fees are not yet payable be required to pay the Harbor Cove maintenance fee for the future week. For example, an owner who owns Week 35 and wishes to spacebank his 2016 week will be required to pay the 2016 maintenance fee on his Week 35 before the spacebank request will be approved.
- Joe pointed out that, from his research only about 50% of RCI affiliated resorts have this policy. In addition, he mentioned that we are obviously encountering difficulties in getting owners to pay maintenance fees, and this policy change could cause consternation and be perceived as a "take away" by our owners.
- Steve's proposal was passed on a vote of four to one.

Next Meeting: May 26, tentative date, to be confirmed later.