

# HARBOR COVE TIMESHARE OWNERS ASSOCIATION

## ANNUAL MEETING

NOVEMBER 5, 2016

### MINUTES

The meeting commenced at 11:05 as a virtual meeting, first time, and there were four owners who participated via Free Conference Call. All Board members also were in attendance virtually.

#### Secretary's Report:

- Joe reported that we received 92 proxy responses, meaning 92 weeks owned out of 246 possible weeks owned voted. Since a quorum is 35%, we achieved the minimum necessary.
- The minutes of last year's meeting were approved.
- The three Board members who were up for reelection, Mark Ward, Ken Newbury, and Rich Terry, were reelected unanimously. The current officers will retain their present positions, Steve Sandor as President, Mark Ward as Treasurer, and Joe Gromala as Secretary.. The other Board members will be designated Vice Presidents.

#### President's Report:

- Association is in good shape financially, building reserves and running at a surplus with revenue in excess of expenses
- Working on delinquent collections, and there are currently 25 delinquent owners representing 31 weeks owned. 5 delinquent owners have passed away.
- Increased rental activities due to Family and Friends program
- Improvements in timeshare units:
  - Kitchen updates are complete on budget
  - Mattress updates scheduled
  - New cleaning crew and laundry service
  - New dining room chairs will be purchased as needed due to the poor quality of the current dining room chairs.
- Property Manager update
  - Lora Backus has decided not to renew her contract, and Northern Michigan Escapes has been chosen as our new manager and will be transitioning in January
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- RCI Report
  - RCI scores, as reported on Comment Cards completed by RCI guests are improving, but we are still short of achieving the status of Silver Crown Resort from RCI.
  - Our scores are below the needed threshold in the areas of Resort Hospitality and Unit Maintenance, although Unit Maintenance scores have recently improved significantly since the new cleaning crew has come on board.

#### Property manager report

- Phase I Updates
  - Phase I is financially sound
  - Roofs replaced on 26 units with remainder due fall and spring and the Project is on budget. Roofs are being updated from reserves with no special assessment necessary.
  - Continuing window and sliding door replacements

- Starting on tree trimming and sidewalk repairs
- Community Properties Update
  - New locker rooms
  - Updated beach house and deck
  - Updated pool and hot tub equipment
  - Increase in dues necessary to replenish reserves and this resulted in an increase of \$300/unit/year or \$7/week, and the additional costs were added to our timeshare maintenance fees

## **Treasurer's Report:**

### **2016 Budget Highlights**

#### **Revenue Summary**

- Approximately 246 paid weeks
- Some successful collections from overdue owners
- Recoup of lost maintenance fees through "Family and Friends" program (rentals)
- Week 53 revenue (recouped lost fees from other weeks)
- Maintained year to year carryover-may be partially used for future projects
- Considering all sources of revenue, on budget for total collections

#### **Over Budget Summary**

- 4th quarter increase in Community Properties dues, making the new fee \$450 per year per unit
- Furniture cleaning more than anticipated
- Drapery cleaning more than anticipated (taken from maintenance budget)
- Management fee anticipated to be over due to expense in changing managers
- Printing and mailing a little over, due to "Friends and Family" (which is self-funded)
- Replacements slightly over
- Maintenance week cleaning slightly over

#### **Under Budget Summary**

- Board expenses (cyber annual meeting instead of renting facility). This means a savings of \$600 to \$800 over the traditional face to face meeting.
- Cable TV (negotiated better rate by facility manager)
- Electricity (milder temperatures and energy improvements)
- Gas (milder temperatures and energy improvement)
- Laundry (less occupancy than expected)
- Weekly cleaning (fewer occupancies than expected)

### **2017 Budget Highlights**

#### **Revenue Summary**

- Anticipate 246 paid weeks
- No week 53 this year, so loss of opportunity for revenue for that week
- Anticipate minimum 5 rental weeks to recoup lost revenue
- Payment of late fees by relatives of deceased owners

#### **Additional Treasurer's Comments:**

- It is anticipated there will be a carryover going into 2017 of approximately \$13,000. Some of the carryover may be used for future unit improvements.

- Our Restricted Reserve is a little over \$30,000, while our Bylaws require a minimum of 10% of the Operating Budget, or approximately \$13,000. Our current Restricted Reserve is 23% of the Operating Budget.
- There may be approximately \$3,000 in additional costs to account for the changeover in management companies.
- **2017 Maintenance Fee to be \$530 per week owned.**