

Tower Harbor Condominium Association  
Annual Meeting Minutes – July 16, 2022

- 1) Call to Order at 10:30 AM at the Saugatuck-Douglas Library in Douglas, MI.
  - a. President Mueller overviewed the meeting agenda
  
- 2) Roll Call:
  - a. Six Board Members present in person:
    - i. Executive Committee: Kathleen Mueller – President, Bob Fish – Treasurer, Greg Freeman – Secretary
    - ii. Members at Large – Carl Gustafson, John Street, Jere Whiteley
    - iii. Member at Large - Anne Seuryneck attended by Zoom
  - b. Tim Lohr represented Cornerstone Management Company
  - c. Twenty-nine co-owner units were represented for 49% of co-owners and constituting a quorum.
  - d. President Mueller introduced each Board member with a brief biography highlighting their skills and areas of contribution to THCA.
  
- 3) Welcome new owners since last Annual Meeting:
  - a. Mariners Cove
    - i. 342D – Jack and Karen Sibell
    - ii. 372 – Mike and Katie Huyck
  - b. Harbor Court
    - i. 133 - Kirby Jewett and Adam Giroux
  
- 4) Open Board Positions:
  - a. Three Board Members terms are expiring:
    - i. Bob Fish
    - ii. Ann Seuryneck
    - iii. John Street
  - b. All three have agreed to stand for re-election.
  - c. A fourth candidate withdrew prior to the meeting therefore no vote was required and the three candidates are re-elected by affirmation.
  
- 5) Treasurer’s Report:
  - a. Treasurer Fish opened his report by stating that his goals/drivers for the THCA are:
    - i. Financial Stability
    - ii. Maintain/Increase Property Values
    - iii. Maintain the Safety and Security of our community
  - b. Synopsis:
    - i. For the 2022 Fiscal Year that ended on June 30, 2022
      1. Revenues \$310,000
      2. Operating Expenses \$220,000
      3. Capital Expenses \$ 91,000
    - ii. The Reserve Fund (sometimes referred to as the Rainy-Day Fund) - \$98,000
      1. \$5,000 per quarter is added to the Reserve
      2. Goal is to have the Reserve funded at one year of Operating Expenses of ~\$200,000

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- c. 2021 – 22 Budget and Expenses -- See Attachment B A
  - d. 2022 – 23 Budget and Planned Expenses – See Attachment C-B
  - e. Dues Increase – Discussion:
    - i. Prior to the FY 2022 Annual Meeting, THCA had not increased dues in 11 years. In 2011, monthly dues were raised just \$25/month, from \$250 to \$275
    - ii. The Operating Budget was historically underfunded and there was no money going into the reserves. Total reserves were approximately \$25,000, the legally required minimum in Michigan.
    - iii. The THCA property consists of aging buildings with the original Building 1 and 2 having been constructed between 1981-1983
    - iv. At the FY 2022 Annual Meeting, the Board agreed to raise monthly assessments over the next three years:
      - 1. From \$275/month to \$375/month starting 09/01/21
      - 2. From \$375/month to \$425/month starting 09/01/22
      - 3. From \$425/month to \$475/month starting 09/01/23
    - v. Board-Levied Assessments of up \$1,000 may continue as needed but the intent of these increases is to:
      - 1. Adequately address on-going maintenance needs
      - 2. Adequately fund the Reserve Fund
      - 3. Eliminate the need for Board-Levied Assessment if possible.
      - 4. NOTE: \$1,000 Board-Levied Assessment for this year is due in full by 11/01/22.
    - vi. Areas for future Capital Improvements include:
      - 1. Upgrade Exterior House Numbers
      - 2. Harbor Court Driveways and Sidewalks (as needed)
      - 3. Mariner's Cove Drainage Improvements
      - 4. Roofing Replacement – Mariner's Cove Garages
      - 5. Completion of street replacement – Harbor Ct
      - 6. Landscaping (phased approach)
      - 7. Windows and Sliders – as needed
- 6) Cornerstone Report – Tim Lohr
- a. Completed Projects:
    - i. Mariners Cove parking asphalt resurfaced and parking space painting
    - ii. Exterior Lighting upgrades – Dark Sky compliant
    - iii. Repair of Sprinkler System leak under Hamilton
    - iv. Handrails on Buildings 5, 6, 7, 8, and 9
    - v. Refresh of Harbor Court and Mariners Cove signs underway
  - b. Use of Buildium System to report issues and track issues:
    - i. Tim reported that all but 11 co-owners have signed up use Buildium
    - ii. He reminded co-owners that not only can they submit a problem but they can track its progress in Buildium and they can update your request at any time.
  - c. Sliders:

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- i. THCA has many sliders/sliding patio doors. After having completed a property-wide inspection most are in good shape and in most cases if there are issues it is with flashing/mouldings on the sliders
      - ii. Currently two are scheduled to be replaced.
      - iii. One issue with sliders is that a number of co-owners are not year-round residents, and winter is the time when damage is most likely due to freeze/thaw cycles. Residents are encouraged to contact Tim to get referrals for property watch/inspection services that could periodically inspect unoccupied units, especially over the winter months.
    - d. Mariners Cove Multiple Drainage Issues:
      - i. Drains in front of Building 10 overflow into basements
      - ii. Catch basins at rear of building overflow due to blocked exit drains
      - iii. Many downspouts drain directly onto the grass instead of being tied into the drainage system
      - iv. Currently gathering bids to address all of these issues as a major project in the near future. Approximate cost \$40,000
      - v. A tree was removed from the front of Building 10. This tree was planted less than two feet from a drain. Its roots had completely obstructed the drain leading to flooding. The tree was removed.
    - e. Grounds and Landscaping:
      - i. Landscaping and grounds maintenance affects all co-owner and is one of THCA's biggest expenses
      - ii. THCA transitioned to a new vendor – DJs, and we are seeing improvement over our previous vendor.
      - iii. DJ's is currently remediating the problems caused by the inattention of the previous vendor such as the spread of Chameleon weed on our property.
      - iv. Patience is needed as DJ's continues to make our property better.
      - v. If you do have issue contact Tim at Cornerstone or use Buildium to log a work request.
    - f. Building 14 Update:
      - i. New owner Ron Ireland/David Hunter
      - ii. Board approved construction to look as close as possible to Building 13
      - iii. Scheduled completion – Fall, 2022
- 7) General Updates:
- a. Safe Harbor Purchase of Tower Marine and Pool Use:
    - i. For over 30 years, RJ let us pay annually for use of the Tower Marine pool
    - ii. Recently Board tried to negotiate a contract for continued use of the pool but Safe Harbor refused
    - iii. We have no recourse but to abide by Safe Harbor's decision
  - b. Parking:
    - i. Hamilton is the marina 'driveway'. THCA has an easement; however, they control parking on their right-of-way
    - ii. Placement of stones and signage are within their rights

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- iii. Because of their new parking restrictions, THCA has implemented additional oversight on Mariner's Cove parking (discussed later)
- c. Hamilton Maintenance:
  - i. After years of neglect, Safe Harbor has promised fully upgraded paving in the fall
- d. Mariners Cove Parking:
  - i. New Safe Harbor parking restrictions will add stress to already tight parking during summer season
  - ii. Parking task force of Mariner's Cove residents (Jere/Carl/John) investigated ways to protect our limited parking spaces
  - iii. Each Mariners Cove unit receives 2 parking permits and 5 guest hang tags
  - iv. Signage installed warning of towing for those without permits
  - v. Rental owners are responsible for getting guest hang tags to all rental guests to avoid towing
- e. THCA Rules and Regulations Update:
  - i. Created to organize and clarify our unwieldy Bylaws
  - ii. With attorney's input, went from 100's of pages to just 12 pages
  - iii. Useful for general homeowner questions:
    - 1. Part 1 for all owners
    - 2. Part 2 for Leasing/Rental units
    - 3. Part 3 Assessment of fines for all owners
  - iv. THCA Rules & Regulations is a 'living' document, so there may be updates from time to time.
  - v. Please recommend any changes you feel would improve clarity for new or current owners
  - vi. If you do not have a copy, you can download from our website – or contact Tim.
- f. Oversight of Short-Term Rentals
  - i. Last summer's complex-wide survey indicated that over 74% of unit owners wanted enhanced oversight on rental units
  - ii. THCA Rules & Regulations (Part 2) sets forth clear expectations for all rental units
  - iii. All Rental Units are required to supply:
    - 1. Obtain Certification from the City of Douglas which includes passing an inspection of the unit by the Saugatuck Township Fire Department (STFD).
    - 2. Copy of the standard lease supplied at least 21 days prior to the first rental each year – per our Bylaws
    - 3. Submit THCA Registration form and pay \$100/year
    - 4. Adherence to all THCA rental rules
    - 5. Ongoing guest information including dates of rental/car info
- g. Short-Term Rental Oversight Outcomes:
  - i. Currently 6 THCA registered rental units (down from 11) as of the date of the meeting
  - ii. 100% registered with Cornerstone as a THCA rental unit

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- iii. Two units are delinquent in payment of \$100 fee
  - iv. 100% inspected by Saugatuck Township Fire Department and certified by City of Douglas
  - v. Information on guest cars on site are shared with all owners on Fridays via email
  - vi. Currently, ZERO fines have been levied, as we are working to bring all rental units into compliance
  - vii. With the rental oversight provided by the THCA Rules & Regulations, our complex is safer and more neighborly. We appreciate the cooperation of the rental owners in making this happen.
  - h. THCA House Numbers
    - i. Currently our house numbers are a hodge-podge of shapes and styles
    - ii. Board currently looking at high-quality custom aluminum address plaques to add elegance and uniformity to our complex
    - iii. Placed for easy readability
    - iv. Durable for years to come
- 8) Home-owners Questions/Discussion:
- a. Question from two owners, “Since we can no longer use the Tower Marina pool, why don’t we build our own pool in the green space behind the garages?”
    - i. Board has done some preliminary research:
      - 1. Benefits:
        - a. Community: Build a sense of community as we spend time together
        - b. Property Values: May increase unit re-sale values
      - 2. Liabilities:
        - a. Master Deed Amendment with Costs
          - i. Would require 66.67% majority to approve – 35 units
          - ii. Legal and drafting fees of @\$10,000 - \$250 per unit
      - 3. Construction Cost
        - a. Preliminary construction estimates for pool similar to Tower’s \$300,000 – plus bathroom \$30,000 = Special Assessment of approx. \$5,600 per unit
      - 4. Accessory Costs
        - a. Include legal fence, pool furniture, startup chemicals, landscaping, safety equipment (AED), ADA requirements (lift, etc.), water
        - b. Additional \$750 per unit Special Assessment
      - 5. Total Special Assessment of \$6,600 per unit
      - 6. Liability Insurance Costs
        - a. Additional insurance required
      - 7. Ongoing Maintenance Costs
        - a. Chemicals, daily pool service, winterizing, off-season furniture storage
      - 8. Ongoing expenses = Adds @\$40 increase in monthly dues per unit

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9. Additional Concerns:
    - a. Timing – 18 to 24 months to start
    - b. Noise – Especially during 'Quiet Hours' - 11:00 PM to 8:00 AM
    - c. Oversight – Keeping the pool use only for THCA residents/guests
    - d. Obstructed Water Views - Harbor Court and Hamilton
  10. A straw poll taken in the meeting showed only 3 units expressing an interest in building our own pool. (Note that there were 29 units represented at the meeting.)
  11. Board will follow-up with a survey to all co-owners so that all may express interest or lack thereof in building a pool
- b. Question: "Can our Association dues also include recycling for all units?"
    - i. How this would work is unclear – suggest the questioner, who is a recycling advocate, approach the Board with a suggested program and proposed costs
    - ii. A straw poll showed that four units would in favor of THCA paying for a recycling program
  - c. Question: "Please give a detailed explanation for the \$1,000 Board-Levied Assessment, especially in light of the increased monthly dues?"
    - i. Board-Levied Assessments are used to fund unplanned projects such as the recently discovered Mariners Cove drainage issues, and will include replacement of cracked driveways and sidewalks on Harbor Court. In addition, after years of delays, Mariner's Cove garages will be roofed due to major leaks.
  - d. Question: "DJ's is doing a much better job, but are they treating for grubs? We are still having problems with moles."
    - i. Tim will follow-up with DJs. May need to specifically add grub treatment to their contract.
  - e. Question: "Please update us on plans to fill cracks and repair Hamilton driveways."
    - i. A task has been added to Buildium
  - f. Question: Garages are covered with spiders and webs. Can they be treated and removed?
    - i. Tim is exploring vendors that do pressure washing to understand cost, level of service and timing
  - g. Question: "Acknowledging that there are a few owners that currently offer their condo for short term rentals, should the Board consider a Bylaws amendment to limit the number of short-term rentals, e.g., per month or year, or restricting them to a minimum stay, e.g., 30 days? I am concerned that the number of short-term rentals may dramatically increase in the future and present problems for all owners. It also requires more management oversight by Tim Lohr."
    - i. This question was put to the co-owners in 2021 and there was not sufficient support to go forward with the time, effort and expense of modifying the by-laws. This lack of support for expressed limits was part of what lead to the creation of the Rules and Regulations.
    - ii. The Board will survey all co-owners again on this question.

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- iii. The Board is also researching, with various mortgage lenders, at what percentage of rental units does the lender not support mortgaging a particular property. More to come on this topic.
  - h. Question: “Cornerstone Management Contract”
    - i. No actual question was asked by Kathleen did report that THCA has a good relationship with Cornerstone and in early 2022 ~~began~~ continued an annual process of reviewing performance and revising/stating goals for the coming year.
    - ii. Kathleen noted that THCA and Cornerstone have a 2-year contract that can be canceled by either party with 60 days’ notice.
  - i. Question: “Monthly meetings”
    - i. Though no specific question was asked a discussion about having “open meetings” did ensue.
    - ii. In Cornerstone’s opinion, open meetings, with all co-owners attending tend to be very long and not very productive.
    - iii. THCA co-owners may always address the Board at the monthly meetings by notifying Tim Lohr in advance of the area of discussion.
    - iv. In the room only 2 units expressed interest in having open meetings.
    - v. There is no requirement in Michigan law that condo association meetings are required to be “open meetings”
  - j. Discussion of method of monthly assessment:
    - i. The way that units are assessed monthly dues can up for discussion. At THCA the percentage of ownership, as well as the monthly assessments are the same for all units. This is embedded in our By-laws and would require unanimous agreement to change
    - ii. At THCA the bulk of the budget - roughly two-thirds of the assessments - goes to operating costs that benefit all co-owners. These are things such as landscaping, lighting, electrical costs, etc.
    - iii. Board will share with owners more information in the near future on how each unit’s assessments benefit the entire Association.
- 9) Vote to Conduct/Postpone the Annual audit:
- a. The vote was overwhelmingly in favor of not conducting the Audit this year.
- 10) Where to find the latest THCA News:
- a. THCA Board Meeting Minutes can always be found on our website
    - i. *towerharborcondo.com*
    - ii. *PASSWORD: tower@harbor*
  - b. Please visit the site and send your input/suggestions
    - i. *Greg Freeman, THCA Board Secretary*
- 11) The THCA Annual Meeting adjourned at 12:28 PM

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- 12) The THCA Board met briefly following the adjournment and elected Kathleen Mueller – President, Bob Fish – Treasurer and Greg Freeman – Secretary



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Attachment A: 2021 – 22 Annual Budget

Tower Harbor Condominiums (Budget)  
2021 -2022

Operating Budget	(Projected) Total Year		(Actual) Total Year
Revenue			
Total Revenue	\$ 302,100	\$ 8,837	\$ 310,937
Operating Expenses			
Total Operating Expenses	\$232,673	\$ (12,435)	\$220,238
Capital Improvement Expenses			
Total Capital Expenses	\$112,000	\$ (20,732)	\$91,268
Working Account Balance (Beginning)	\$48,307		-\$569
+ Total Revenue	\$302,100		\$310,937
- Total Operating Expenses	-\$232,673		-\$220,238
- Total Capital Expenses	-\$112,000		-\$91,268
Working Account Balance (Ending)	\$5,734		-\$1,137
Reserves - Huntington			\$86,068
PNC - CD 72316			\$12,607
+ Legal Reserve	\$98,672		\$98,675
+ Interest			\$25
Total Cash + Investment	\$104,406	\$ (6,843)	\$97,563

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Attachment B: 2023 – Budget and Planned Expenses:

Tower Harbor Condominiums (Budget)  
2022 2023

Operating Budget	(Projected) Total Year
<b>Revenue</b>	
Dues	\$ 285,000
Late Fees	\$ -
Special Assesment	\$ 57,000
Other Income	\$ -
Buy in Fees	\$ -
<b>Total Revenue</b>	<b>\$ 342,000</b>
<b>Operating Expenses</b>	
Water/Sewer	\$156
Electric	\$6,000
Insurance Property/Board	\$26,000
Accounting / Admin Fees	\$3,300
Lawn Care-Maintenance	\$36,000
Professional Services	\$5,100
Snow Removal	\$20,000
Managment Fee	\$15,600
Office Supplies & Expense	\$1,375
Sprinkler Repairs/Maint	\$7,950
Pest Control	\$1,700
Refuse Removal	\$11,544
Building Maintenance	\$21,600
Grounds Maintenance	\$21,600
Major Building Repair	\$48,000
Tree Service	\$5,500
Pond Maintenance	\$2,025
	\$0
	\$0
<b>Total Operating Expenses</b>	<b>\$233,450</b>

<b>Capital Improvement Expenses</b>	
Cement Replacement (Harbor Court)	\$49,000
Drains (Mariners Cove)	\$40,000
Garage Roofs	\$50,000
Back Lighting Bill	\$2,195
Rainy Day Fund	\$20,000
<b>Total Capital Expenses</b>	<b>\$161,195</b>

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Working Account Balance (Beginning)	\$47,760
+ Total Revenue	\$342,000
- Total Operating Expenses	-\$233,450
- Total Capital Expenses	-\$161,195
Working Account Balance (Ending)	-\$4,885
Money Market - PNC PNC - CD 72316	
+ Legal Reserve	\$118,700
+ Interest	
Total Cash + Investment	\$113,815