

The  
**COVE**  
at  
**YARMOUTH**

February 2016

1986



2016

## ANNUAL MEETING NOTICE

All Cove at Yarmouth Interval Owners  
are invited to attend the Annual Meeting of Owners on

*Saturday, April 2, 2016*

*10:00 a.m.*

at

The Cove at Yarmouth  
183 Main Street, W. Yarmouth, MA



### INCLUDED

Annual Meeting Agenda · Re-opening of Restaurant · Advisory Committee Openings · Bonus Time  
Attention Float Owners · Important Numbers · 2015 Annual Meeting Minutes

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**ANNUAL HOMEOWNERS MEETING**  
**THE COVE AT YARMOUTH RESORT HOTEL OWNERS ASSOCIATION, INC.**  
**AND THE**  
**COVE AT YARMOUTH RESORT HOTEL CONDOMINIUM TRUST**

Saturday, April 2, 2016  
10:00 a.m.

The Cove at Yarmouth, West Yarmouth, MA

- I. Welcome and Introductions.....Marcia Moser, President/Board of Trustees
- II. Approval of Annual Meeting Minutes (03/28/15).....Rich Muller, Sr. V.P. of Resort Operations/VRI
- III. Resort Operations.....Michael Edwards, Resort General Manager
- IV. Financial Reports:
  - A. 2015 Budget Recap and 2016 Budget.....Alan Fletcher, Chairman/Finance Committee
  - B. 2015 Reserve Expenditures.....Michael Edwards, Resort General Manager
  - C. 2016 Planned Reserve Expenditures.....Michael Edwards, Resort General Manager
- V. Industry Update.....Rich Muller, Sr. V.P. of Resort Operations/VRI
- VI. Questions and Answers/Open Forum.....
  - Board of Directors
  - Resort Management
  - Board of Trustees
  - Vacation Resorts International
  - (Management Company for The Cove at Yarmouth)
- VII. Adjournment

## **Reopening of the Restaurant - The LOFT**

It is with excitement that we introduce ourselves and announce the imminent reopening and complete transformation of the restaurant at The Cove at Yarmouth. We are Cape residents, Kathy Gianno and Kevin Richards, and we will be your hosts at "The LOFT" restaurant. Same convenient location but an all new atmosphere, creative menu and dining experience.

About us: Kathy spent two decades in the financial industry which included serving as a Financial Officer at the Boston Company and she was one of the founders of the Gianno and Freda accounting firm here on the Cape. Kevin is one month shy of 40 years in the hospitality industry. Trained in the early years by the Marriott and Hilton corporations, Kevin went on to be a General Manager or consultant at some of the most respected establishments in New England. Most recently, Kevin was co-manager and maitre d' at Commander's Palace in New Orleans. Commander's Palace is in the Culinary Hall of Fame, one of only 75 restaurants in the world to receive the Grand Cru Award, and for decades has been annually rated as one of the top ten restaurants in the world.

Together we have owned and operated two seasonal restaurants here on the Cape as well as a respected remodeling company in Boston. The LOFT is the realization of our dream to own a full service restaurant in our home town. We have created a fast casual, contemporary, American menu that features creative twists on familiar favorites as well as some exciting new dishes. We will be making all of our own sauces and dressings as well as sourcing the finest local ingredients. Our goal is "farm/ocean to table," whenever possible!

Our hope is to win you over and make you a regular not only with consistently great food, but also with an upbeat atmosphere and the exceptional service we provide! We have been working hard transforming the physical space into an inviting, warm – even a bit funky – environment so that your dining experience will stand out among the wonderful memories of your time here on Cape Cod!

We are super excited to meet you all personally! So come on by and check us out and be sure to introduce yourselves!

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## Advisory Committee Openings

As you know, The Cove at Yarmouth Resort "Board of Trustees" are elected by the owners to govern the resort in accordance with the Resort's Condominium Documents and Massachusetts General Laws.

Since 1990, the Board has offered "interested" owners the opportunity to serve as advisory committee members and engage in all the processes of governing the resort. Although committee members do not have a vote at Board meetings, they are full participants in every other way. It is an opportunity for them to become more educated about the complexities of our resort and industry as a whole, as well as to share thoughts, opinions and ideas.

Any homeowner in good standing who is willing to volunteer the time necessary to attend regular and telephonic Board meetings and teleconferences and become more involved on behalf of their fellow Cove owners should apply for an interview by forwarding a letter of interest and background to:

The Cove at Yarmouth Nominating Committee  
183 Main Street  
W. Yarmouth, MA 02673

Deadline Date: March 1, 2016

## BONUS TIME BONANZA

That's right, from now until May 1, 2016, The Cove at Yarmouth rooms are available at the Bonus Time rate of \$69.00 per night\*, plus tax.

**\$69.00**  
per night plus tax\*

For a limited time only, this offer is also available to **Family and Friends\***

Call Today!

**Call (508) 771-3666  
and Dial "0"**

Managed by Vacation Resorts International  
"Perfecting the Art of Hospitality"



\*Reservations can only be made up to 45 days in advance and are based on resort availability. Some restrictions apply. Vacation periods and holiday weekends have limited availability.

## Attention Float Owners

Now is the time to reserve your 2016 and 2017 Use Weeks!  
Make your reservations now for best availability.

Go to [www.vriresorts.com](http://www.vriresorts.com)

to view weeks available and make your reservation online or call 800-228-2968.

Check us out on the  
Resort's website at:

[www.coveatyarmouth.com](http://www.coveatyarmouth.com)



## Important Numbers

### The Cove at Yarmouth and Vacation Resorts International (VRI) Services

**The Cove at Yarmouth**  
Fax (508) 771-3666  
(508) 771-9410  
Business Hours 9:00 a.m. - 5:00 p.m.  
Website: [www.coveatyarmouth.com](http://www.coveatyarmouth.com)

**Exchange Information**  
RCI (877) 874-3334  
RCI Points (877) 968-7476  
Interval International (800) 828-8200  
VRI\*ety (888) 203-1044

**Vacation Owner Services**  
Assessment Billing & Collection (508) 771-3666

**Reservations**  
Bonus Time (508) 771-3666  
Vacation Tyme® (866) 469-8222  
Rentals/VIP Reservations (866) 469-8222  
Owner Availability (800) 228-2968

**Still Need Assistance?**  
VRI Corporate Services (508) 771-3399  
VRI Fax (508) 775-6396

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**ANNUAL HOMEOWNERS' MEETING**  
**COVE AT YARMOUTH RESORT HOTEL OWNERS' ASSOCIATION, INC.**  
**COVE AT YARMOUTH RESORT HOTEL CONDOMINIUM TRUST**

Saturday, March 28, 2015  
10:00 a.m. at The Cove at Yarmouth

I. WELCOME - Marcia Moser President, Board of Trustees

Mrs. Moser called the meeting to order at 10:05 a.m. and extended a warm Welcome to all owners present. Board members and resort management who were seated at the head table were introduced.

Board of Trustees:

Paul Cavaliere, Jr.	Deborah Jones
Ingrid Dooling	Malcolm MacPhail
Steven Fabrizio	Marcia Moser
Alan Fletcher	Rodrigo Orozco-Silva

Resort Management:

Rich Muller, Sr. VP Resort Operations/VRI  
Michael Edwards, General Manager

Mrs. Moser recognized Board member Erich Salomon who was unable to attend. She also introduced Loren Gallagher, President and CEO of Vacation Resorts International.

Mrs. Moser advised the audience that long time Board member and former President of VRI, Roy Fraser recently retired and resigned from the Board. Mr. Fraser is credited with guiding The Cove through its most difficult period of history.

Sadly, Board member John Chase passed away shortly after last year's annual meeting and will be greatly missed. Also, long-time Assistant General Manager, Joan Ford retired at the end of 2014 so there has been a great deal of change after many years of continuity.

Mrs. Moser stated that Advisory Committee members Paul Cavaliere and Deborah Jones were appointed to fill the unexpired terms of Mr. Fraser and Mr. Chase.

Also introduced was Advisory Committee member Venita Amidon.

II. APPROVAL OF ANNUAL MEETING MINUTES  
(03/29/14) - Richard Muller, Sr. V.P of Resort Operations/VRI

Rich informed the audience that a copy of the minutes of the Annual Owner's Meeting of March 29, 2014 was provided to everyone as they signed in today at the registration desk. A copy of the minutes is also available to any owner upon request.

MOTION: Motion was made that the owners present waive the reading of the 2014 Annual Meeting minutes of the Cove at Yarmouth Hotel Owners Association, Inc. and the Cove at Yarmouth Resort Hotel Condominium Trust, and Furthermore, that the owners present also approve the 2014 Annual Meeting minutes of the Cove at Yarmouth Hotel Owners Association, Inc. and the Cove at Yarmouth Resort Hotel Condominium Trust as presented. Motion was duly seconded and approved unanimously

III. BOARD ELECTIONS

Rich Muller was designated to serve as Election moderator. He reminded the owners present that elections are held every other year.

Following a review of the election process, legal counsel recommended and the election committee adopted a procedural change in 2013 whereby the nomination period would remain open until the annual meeting. However, candidates who submitted their nominations by mail prior to the deadline have the advantage of being listed on a mail in ballot for owners to submit in advance of today's meeting. The current slate consists of six candidates including three incumbents.

MOTION: Upon motion made, seconded and voted unanimously, the floor was closed to further nominations and the moderator directed to proceed with voting.

The candidates present introduced themselves and voting ensued. Two members of the audience were selected to serve as tabulation monitors. Rich advised the audience that, owners are strongly encouraged to run for election, even if they don't believe they may be elected. By doing so, the Board has an opportunity to consider those who have expressed interest in serving on the Advisory Committee. Three such candidates who were not elected, accepted seats on the Advisory Committee and were subsequently appointed to the Board when vacancies occurred.

IV. RESORT OPERATIONS - Michael Edwards General Manager/Cove at Yarmouth

Michael Edwards introduced The Cove at Yarmouth's Management Team: his new Assistant General Manager, Kristen Packet; Erin Lee, Front Office Manager; Charles Hull, Chief Engineer; Lorie Sullivant, Activities Manager; Fernando Teixeira, Executive Housekeeper; and Gisele Vorpahl, Administrative Services Manager.

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Michael provided a detailed PowerPoint presentation which included the following topics:

**Staffing:** An organizational chart was displayed along with the number of employees by department.

**RCI ratings:** which remain consistently at Gold Crown level.

**Ownership statistics:** the Cove is considered to be at sell-out at 97.5%.

**The outdoor pool:** was refurbished with new landscaping, a Pebble-Tech finish and the depth is being changed from 10 feet to 6 feet at the deep end. This will increase safety greatly reduce the cost of operation.

**The wastewater treatment plant:** was finally renovated and brought into compliance with the latest Massachusetts Department of Environmental Protection regulations. Planning, engineering and approval took several years and funding this project started many years prior to that. Over the years, a number of options were researched while the Town of Yarmouth contemplated installing municipal sewage service. Once it was conclusively determined that the Town would not be proceeding, construction on the treatment plant commenced. Because the Board had reserved funds for this eventuality, and the cost was actually less than anticipated, no special funding or assessment was necessary.

Michael also advised the audience that research is underway on converting one of the outdoor tennis courts into a multi season family area with an additional zero entry pool, sundeck, concession area and rest rooms. Preliminary plans were displayed.

## V. FINANCIAL REPORTS:

### A. 2014 Budget Recap and 2015 Budget – Alan Fletcher, Chairman/Finance Committee

Mr. Fletcher reported that maintenance fees were increased by only \$1.00 for 2014 and only \$1.00 for 2015. The Cove financial position is excellent.

This years per interval budgeted expenses are as follows:

	2015	2014
Payroll	186.59	186.55
Operations	118.96	115.07
Administration	106.48	106.97
Fixed Expenses	29.26	28.42
Real Estate Taxes	9.90	9.36
Reserves	150.00	150.00
Total Expenses	601.19	596.37
Less other revenue	(61.19)	(57.37)
<b>Total Maintenance Fee</b>	<b>\$540.00</b>	<b>\$539.00</b>

### B. 2014 Reserve Expenditure Overview – Erich Salomon, President/Directors

In Erich Salomon’s absence, Michael Edwards itemized the following 2014 Capital expenditures:

- 12 heat pumps
- Racquet Sports Center roof top unit replaced
- Tennis court heater installed
- All indoor tennis courts resurfaced
- One outdoor court resurfaced
- Outdoor pool renovated
- Outdoor pool fence replaced
- Walkways resurfaced
- Portable ADA compliant pool lift acquired
- Lobby entrance renovated
- Racquet Sports Center façade reconstructed
- Health Club carpet replaced
- Magnifying mirrors installed in units
- Parking lot sealed and stripes painted
- Indoor pool lights replaced
- Maintenance and Housekeeping equipment purchased

Expenditures totaled \$388,306.

### 2015 Planned Reserve Expenditures – Michael Edwards

Michael Edwards provided a list of budgeted Reserve Expenses for 2015 as follows:

- Purchase of 12 more heat pumps
- Stairwell upgrades
- Bathroom tile regrouting and sealing
- 42” and 32” LED TVs will be purchased
- Clock radios will be upgraded to IHome brand
- TV wall mounts and DVD player will be replaced
- Conference room and lobby audio visual equipment will be upgraded
- Additional walkways will be resurfaced
- Kidde pool heater installed
- Chaise lounge chairs replaced
- Racquet Sports Center carpeted and painted
- New automated towel dispenser and tracker will be available for towel exchange
- Landscape enhancements will include tree removal and a new storage shed
- Indoor pool lights and housekeeping and maintenance equipment will be purchased.

Total projected expenditures are \$357,015.

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Michael reminded the audience that interior renovations started again in 2014. Among other things, all upholstered furniture is being replaced and new ceilings will be installed in the suites. The work is currently expected to be completed in three phases over three years at a cost of approximately 3 – 3.3 million dollars.

Phase 1

77 Suites started Dec. 2014 and will be completed this April

Phase 2

80 Townhouses are scheduled for Dec. 2014 –April 2016

Phase 3

77 Townhouses are scheduled for Dec. 2016 – April 2017

Michael informed the audience that a remodeled unit is available for viewing after the meeting.

## VI. INDUSTRY UPDATE

Richard Muller, Sr. V.P of Resort Operations/VRI

Rich Muller presented a number of industry statistics based on a study conducted by Ernst & Young and released by the ARDA International Foundation.

The number of domestic timeshare resorts declined from approximately 1,650 in 2010 to 1,548 in 2013 (2014 figures are not yet available). Rich stated that the decline is attributed to the closure of Legacy resorts including some on Cape Cod that struggled financially for years.

Rich further explained that, in his opinion, the closure and repurposing of Legacy properties has been a benefit to the remaining resorts and the industry in general. Among other things, it has removed thousands of low/no value intervals from the marketplace.

During this period of contraction the average sales price of a timeshare unit rose from \$18,723 in 2012 to \$20,460 in 2013; an increase of 9.3%

As of January 1, 2014, 9.6 million U.S. households own approximately 8.5 million intervals. This represents 7.9% of all U.S. households.

New sales rose approximately 11% from \$6.9 billion to \$7.6 billion between 2013 and 2014. This is the first year over year double digit increase since 2006.

According to ARDA, those buying timeshares today are younger than the average age of existing timeshare owners, they are also more likely to have children at home, more highly educated, wealthier and more ethnically diverse than all timeshare owners. What this tells us is that the torch has been passed from the baby boomer purchaser to the Gen X and Gen Y or Millennial purchaser.

Rich informed the owners that many VRI managed resorts, particularly those located on Cape Cod, have seen a significant increase in new ownership. He reiterated that the economic downturn, that broadly affected so many businesses and resorts in particular, had no negative impact on The Cove.

In fact, The Cove enjoys virtual sell-out status and has a very diverse owner base that includes: vacation clubs, owners who participate in Points programs, former renters who realized the value and savings of ownership, second and third generation owners and, of course, The Coves dedicated, original and long term owners. This diverse and supportive owner base is reflective of The Cove's industry standing and premier destination resort status.

Rich reminded the audience that many timeshare owners, including some Cove owners, are still being victimized by fraudulent transfer activities and other fraudulent enterprises. Last year, the state of Massachusetts adopted transfer legislation that, among other things, makes it a criminal act to participate in a scheme to transfer an interval to an individual or entity that is known, or should be known, to not meet maintenance fee obligations. Most companies that guarantee "relief" from maintenance fees rely on this practice, but now, participating owners will also be held legally responsible.

Owners, therefore, are strongly forewarned about doing business with any organization that offers to transfer or to take title to your interval for a fee. Management is always available should you have any questions about any solicitation or offer you may receive.

## VII. ELECTION RESULTS

With tabulation completed, Rich Muller announced that the following candidates were elected for a six year term:

Marcia Moser, Incumbent  
Paul Cavaliere, Jr., Incumbent  
Steven Fabrizio, Incumbent

## VIII. QUESTIONS AND ANSWERS / OPEN FORUM

The Board and management entertained questions from the general ownership. Among other comments and questions, discussion ensued about renovations, the treatment plant and the status and future of the restaurant.

The Restaurant subcommittee will be reviewing all options in this regard and making its recommendation to the full Board.

## IX. ADJOURNMENT

There being no further business or questions from the audience the meeting was adjourned at 12:00 p.m.

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