

CASA YBEL BEACH & RACQUET CLUB, PHASES F, G, H
BOARD OF DIRECTORS MEETING
April 28, 2009

The meeting was called to order at 9:00 a.m. by Vice President Joe Gala upstairs in the Thistle Lodge at Casa Ybel Resort, Sanibel Island, Florida. Board members in attendance were John Demos, Len Elikan, Joe Gala, Lynn Perkins, Brenda Pommerenke and Pat Sweeney. President Susan Walter was unable to attend the meeting, but did call in to the meeting for certain agenda items. Attending from Hilton Grand Vacations Company (HGVC) were Chris Cain – Interval Manager, Randy Piatt – Vice President of Resort Operations, E. J. Nees – Director of Resort Operations and Cindy Glasenapp – Administrative Assistant and acting Recording Secretary for this meeting. Also in attendance were Ron Miller, President of the Casa Ybel Beach & Racquet Club, Phase IJK, Froilan (JR) Ramirez – General Manager of Casa Ybel Resort and Steve Brettholtz of Myers, Brettholtz & Company, independent auditing firm for the Association.

APPROVAL – PREVIOUS MINUTES – *MOTION was made by Lynn Perkins and seconded by Brenda Pommerenke to approve the minutes of the Board meeting held on October 21, 2008 as presented.* Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye and Ms. Sweeney voted aye. **Motion carried unanimously.**

MOTION was made by Brenda Pommerenke and seconded by John Demos to approve the minutes of the telephone conference meeting held on March 10, 2009 as presented. Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye and Ms. Sweeney voted aye. **Motion carried unanimously.**

2008 AUDIT – Mr. Brettholtz reviewed the audit of the 2008 financial statements. He stated that in their opinion, “the financial statements referred to above present fairly, in all material respects, the financial position of Casa Ybel Beach & Racquet Club, Phases F, G, H Condominium Association, Inc. as of December 31, 2008, and the results of its operations and its cash flow for the year then ended, in conformity with accounting principles generally accepted in the United States of America.” This is a clean, or unqualified, opinion.

Operating cash at year end 2008 was \$982,328. Reserve cash was \$8,270 and there were seven Certificates of Deposit totaling \$668,198, each 100% guaranteed by FDIC, earning an average of 4.2%, with terms ranging from less than one year to seven years.

In 2008, total Operating revenues were \$1,442,048; total Operating expenses were \$1,527,387 resulting in a deficiency of revenues over expenses of (85,339). The Board budgeted for a loss of (\$111,013) to return surplus funds back to the owners (a credit of \$38.87 per unit week). The beginning Operating Fund balance on January 1, 2008 was \$131,662, and the ending Operating Fund balance at December 31, 2008 was \$46,323.

Budget-to-actual variances were reviewed. All budgeted categories had positive variances except for Building and Insurance/Taxes. There was a total positive variance of \$25,674.

Reserve balances at December 31, 2008 were: \$413,546 – Interior; \$31,055 – Roof; \$129,990 – Painting; \$38,602 – Paving; and \$67,848 – Capital Improvements, for a total of \$681,041.

Accounts Receivable - Members as of December 31, 2009 was \$15,888. Mr. Brettholtz indicated that was relatively manageable based on the size of the Allowance for Bad Debt. Ms. Nees added that as of the end of March 2009, 95.98% of the 2009 maintenance fees have been collected, compared to 95.46% at the same time last year. Mr. Brettholtz noted that this was unusual; he is seeing a drop in other associations due to the economic situation.

In accordance with the AICPA's Statements on Auditing Standards, SAS 114 (The Auditor's Communication With Those Charged With Governance), which went into effect last year, a letter with information on the auditor's responsibility under GAAP, the planned scope and timing of the audit and significant audit findings was distributed to the board members. The auditor discussed these items last year at the Board meeting and has put the communication in writing this year as part of their quality control standards. There were no significant findings to report.

After review, ***MOTION was made by Len Elikan and seconded by Lynn Perkins to accept the audit of the 2008 financial statements as presented by Myers, Brettholtz & Company, P.A.*** Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye and Ms. Sweeney voted aye. **Motion carried unanimously.**

MOTION was made by Brenda Pommerenke and seconded by John Demos to have the Vice President sign the Client Representation Letter on behalf of the Association. Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye and Ms. Sweeney voted aye. **Motion carried unanimously.** HGVC's CFO will sign an identical letter on behalf of the management company.

RESORT STATUS – JR stated that 2008 was a very productive year, operationally and business wise. They are increasing the furniture for the beach and purchasing some furniture for the pool deck in addition to renovating some furniture. They have completed repaving the driveway and parking lots, curbing and installed brick pavers at the entrance. Landscaping enhancements for the service area and the pond area have been completed. The pool heaters and spa were replaced. The resort is in compliance with new state statutes for the pool and pump system, which included new filtration. The shuffleboard court has been replaced. Renovations have been made to the pool bar. This year, televisions were installed in the CCW units. We wanted to combine our efforts for purchasing power, but the CCW Board opted to move sooner to have an impact for the season. The resort got a favorable proposal from Magnolia through Best Buy for 32" TVs. JR also got some pricing information for the two bedroom units.

Last year all the boards agreed to participate in updating the exterior lighting. As proposals were obtained and other places on the Island were surveyed, it was found that the look of the fixture was limited due to the down-lighting requirements of Sanibel. The current light fixture is unique and ties in with the character of the resort, so it was decided that "if it's not broke, don't fix it". Over the summer proposals will be submitted for updating the current fixtures and fixing wiring as needed. As the old light bulbs die, they are being replaced with compact fluorescent bulbs. In addition, they are looking at some low-tier landscape lighting to enhance the pathways and the buildings.

The wireless Internet system is working well. It took a while to get it up and running, but trouble calls are few and far between now. There is a strong signal now after adding two additional access points per building at no additional cost. JR noted that during high-traffic periods, a

problem was encountered with bandwidth. Guests download movies or large files, or have video game systems plugged in and leave it running or leave the unit going to the pool/beach without exiting the Internet, which clogs the access for others. JR has a proposal from IPS for a gateway that would monitor and limit access to avoid bogging down the Internet for other guests. The system would let the front desk know who or what is tying up the bandwidth. The proposal's total installation cost is \$2,850; FGH's cost would be \$1,400 (\$.49/unit week). Technical support has been provided by IPS at no cost for the last 90 days. The resort's maintenance staff has been doing minimal problem resolution for guests but prefers not to work on their computers. Tech support would cost \$140/month (\$.59/unit week). Once the resort's maintenance technician certifies that the signal is coming through, there would be a toll-free number for the guest to call if they encounter any problems. The alternative to that would be a per-time trip charge (\$45 + 80-100/hr). The IJK Board asked that the activity over the summer be monitored. In the event it becomes a hindrance to the guests and the owners, Chris and JR would let the Board know. JR indicated that they would like to continue with the tech help but they could wait until the fall for the gateway. He'll ask to get free technical help until we get the gateway too. Mr. Elikan would like to know what the service experience is to determine if we need tech help or if it would be less expensive to pay a per trip charge. The Board would like to approve it with the same conditions IJK did and take a little more time to monitor it. ***MOTION was made by Len Elikan and seconded by Brenda Pommerenke to get more experience with usage over the summer and to ask IPS to continue their tech support until the fall meeting if possible. If we find out before the fall meeting that this is giving us a lot of problems, JR and Chris are authorized to go ahead with the Gateway and Tech Support proposals, but to use their discretion as to when they're going to do it.*** Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye and Ms. Sweeney voted aye. **Motion carried unanimously.**

JR will check if there is a guarantee as to how long the monthly rate would last. The Board would like to lock it in.

The resort is still getting proposals on revamping the Casa Ybel resort website. Chris is providing meeting minutes, agendas and newsletters to post. HGVC did 360° virtual tours which will be posted, and photos of IJK and FGH units are on a photo album portion on the website. The 360° virtual tour is already on the HGVC website. Mr. Miller commented that he would like an article in the next newsletter on the website, what's on it, etc. He asked if the website font could be larger. JR replied that they'll work on those settings with the revamping.

JR stated that it has been a great year working with Chris, E. J. and their teams. Everybody works together very well on owner/guest issues. The owners meetings are going very well and we are getting a lot of positive feedback from the owners. Mr. Demos noted that the resort's staff is very responsive.

JR left the meeting after this discussion.

At this time, President Susan Walter joined the meeting via telephone.

CONDO DOCUMENT REVISIONS – Subsequent to the last meeting, board members individually approved an additional change to the By-laws to revert back to a three-year board term if Florida law changes to allow it, and to include the change in the proposed amendments sent out to the owners. ***MOTION was made by Lynn Perkins and seconded by Len Elikan to approve the proposed revisions to the condominium documents as sent out to the owners.*** Mr.

Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.**

ADVERSE POSSESSION LETTER – The annual letter to the resort advising that they are using a portion of the FGH property was prepared. *MOTION was made by Len Elikan and seconded by John Demos to authorize the President to sign the annual adverse possession letter to the resort.* Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.**

Ms. Walter disconnected from the meeting at this time.

MANAGER'S REPORT/BUDGET REVIEW/2009 PROJECTS – Chris reported that all of the exterior projects have been finished except painting the laundry rooms. It should be done in the next week or so. New laundry room doors have been installed; the City finally allowed us to put back what was there. Owner feedback on all of the projects has been very complimentary, especially on the new handrail system. All together, the projects came in under budget.

- **INTERIOR PAINTING** – This project is scheduled for 2009 to get painting done a year ahead of the soft goods and carpeting replacement next year. The amount budgeted in Reserves is \$2,000 per unit. The specs call for premium Sherwin Williams paint and a turn-key operation (sanding, caulking and repairs). The lowest bid received so far is \$2,135 from the company who did the exterior painting. Chris is still getting bids. After discussion, *MOTION was made by Brenda Pommerenke and seconded by John Demos to approve up to \$2,200 per unit for the interior painting project.* Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye and Ms. Sweeney voted aye. **Motion carried unanimously.**
- **PATIO FLOOR TILE** – The patios currently have a floor that is very difficult to keep clean. Contractors have indicated they can prep the floor and install tile on top. They are not seeing a problem with water intrusion. The proposed tile would be 12” or 14” porcelain, sandstone-look, medium to light gray color, non-skid tile with minimal grout lines. Half of the units would be done this year during maintenance weeks (upper units this year, lower units next year). Reserves have \$28,000 because it was only budgeted for a coating. Tile should last longer. A preliminary proposal came in at \$1,200 per unit (\$33,600 total). The IJK Board is asking for a three-year warranty and to buy extra tile to have in storage in case breakage occurs. Mr. Demos wants to make sure the color goes all the way through the tile. *MOTION was made by Lynn Perkins and seconded by Pat Sweeney to authorize up to \$1,500 per unit for tile for the patios with a three-year warranty, similar to IJK.* Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye and Ms. Sweeney voted aye. **Motion carried unanimously.**
- **SCREEN ENCLOSURES** – Chris recommended replacing the screen enclosures when the tile is installed (over two years also). A preliminary bid was received in the amount of \$1,200 per unit with a 15-year warranty (\$33,600 total). We have budgeted \$56,000 in reserves. *MOTION was made by Len Elikan and seconded by Lynn Perkins to authorize replacement of the screen enclosures at a cost up to \$1,200 with a 15 year warranty.* Mr.

Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye and Ms. Sweeney voted aye. **Motion carried unanimously.**

- **TELEVISIONS** – The TVs the resort purchased for the CCW units will not fit in our armoires. They are getting a revised bid from Best Buy for the two-bedroom units. Chris has bids from Wooster Television and Cayenne Home Theater Systems (disclosed that the owner is Susan Walter's son) for a 32" flat screen, commercial-grade Samsung model, approximately \$800 plus tax each (\$1,600 per unit), including installation. One bid has a DVD player included, so the existing DVD player could be moved to the master bedrooms. An amount of \$1,300 has been budgeted for the living room TV and \$850 for the master bedroom TV. There was discussion on wall mounting the TVs and replacing the armoire with a piece of furniture with storage, or in the bedroom, perhaps removing the top piece of the armoire. Chris will check with installers about safety issues, whether it's the right time to mount TVs and see what they recommend for our situation without exceeding a cost of \$1,300 for the living room and \$800 for the master bedroom. Chris will get back to the Board with a specific recommendation.
- **LOWER UNIT WINDOWS** – The Board considered whether to eliminate the window blinds and install draperies similar to the upper units last year in the lower units for more privacy. The cost was estimated at \$21,500. Mrs. Pommerenke suggested a window treatment/shade that would let the light in but provide privacy. Chris will look into it and report back to the Board.
- **FURNITURE REFINISHING** – Chris recommended refinishing the edges of the coffee tables, chairs and other furniture at a cost of approximately \$200 per unit. They are halfway through their useful lives and are showing a lot of wear. **MOTION was made by Len Elikan and seconded by John Demos to approve up to \$200 per unit for refinishing the furniture by Abernathy Finishmaster.** Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye and Ms. Sweeney voted aye. **Motion carried unanimously.**

DELINQUENCY REPORT – The delinquency report as of April 15, 2009 was reviewed. Two unit weeks were foreclosed upon by the Association, 204G/38 and 147F/43. The existing policy is to list Association-owned inventory with the real estate people until four weeks after the occupancy date, then to put them up for closed bids to the owners. **MOTION was made by Len Elikan and seconded by John Demos to follow the existing policy and list the weeks with Grand Vacations Realty, but since the weeks are so close together, to wait until four weeks after week 43 to put them up for sale by closed bid. The Board will determine minimum bids at the next meeting if the weeks have not sold by that time.** Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye and Ms. Sweeney voted aye. **Motion carried unanimously.**

The Board wants to make sure the closed bid notice goes into the November Sandscript if they're not sold.

REAL ESTATE TAXES – HGVC had a meeting with the County to review remaining concerns about the weekly allocations. Timeshare associations already get a 50% discount on appraised value. The County bases the percentage allocations on actual sales recorded (all sales - private and through realtors). If there are no sales in a unit, the County looks to the

“neighborhood” of Sanibel. According to historical listing prices, weeks 7 – 13 were considered as the high season but this is not evidenced by actual sales. The County is going to re-evaluate and will be meeting with HGVC again in May.

INVESTMENT POLICY – HGVC proposed revisions to the Investment Policy to allow more than one investment company and ensure that the investment companies comply with laws, rules and regulations applicable to the Association, and to revise the list of approved investments to define approved U.S. Treasury securities, to delete collateralized mortgage obligations and to allow for changes in FDIC limits.

All of our funds are insured. The current FDIC limit is \$250,000 for an interest-bearing account. If it’s a non-interest bearing account, there is no limit to be insured. When payments are received for maintenance fees, they are going into a non-interest bearing account.

MOTION was made by Lynn Perkins and seconded by John Demos to approve the Investment Policy as revised. Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye and Ms. Sweeney voted aye. **Motion carried unanimously.** *(The revised policy is attached to the original minutes.)*

CONDO DOC REVISIONS – At this time we are approximately 100 votes short of the number required for approval. If we don’t get enough votes in the Special Owners Meeting, it can be extended for 90 days to gather additional votes. The Board asked that there be a definite effort to solicit ballots at check-in, at the owners’ coffees, and by telephone to owners of 3 weeks or more, but not to do any additional mailing at this time. If necessary, the Special Meeting will be adjourned to July 15, 2009 at 10:00 a.m.

BOARD REIMBURSEMENT POLICY – Receipts are needed for back-up for reimbursements per the Accounting Department auditors.

NO SMOKING ISSUES – Some owners have been requesting that smoking be prohibited in the units and on the whole property. Chris thinks we’re doing a good job with tent cards in the units and notices in the arrival packages; however, enforceability is a problem for smoking on the patios and exterior areas. IJK asked for a legal opinion on the issue. ***MOTION was made by Len Elikan and seconded by Brenda Pommerenke to pay half of the cost of the legal opinion.*** Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye and Ms. Sweeney voted aye. **Motion carried unanimously.**

HAIRDRYERS – Several people have asked for hairdryers in the guest bathrooms. Cost was estimated at \$12 each. There may not be enough room to wall-mount them in each bathroom. ***MOTION was made by Brenda Pommerenke and seconded by Len Elikan to buy a dozen hairdryers to have available for check-out.*** Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye and Ms. Sweeney voted aye. **Motion carried unanimously.**

CORRESPONDENCE – No other written correspondence had been received. Ms. Pommerenke received a verbal complaint about loud noises from the pool after dusk. Chris noted that Security is on duty from 10 pm to 6 am and should be monitoring it. If people have complaints, they need to call the front desk.

Dick Jackson called in to the meeting to advise that a long-time board member, Ed McElroy passed away. Ed did a lot of work for the Association. A short article acknowledging Ed's contributions will be put in the next Sandscript.

MANAGEMENT AGREEMENT – The management agreement runs through December 31, 2009. HGVC proposed a new, three-year contract effective January 1, 2010, and gave it to the Board for their review ahead of time. The only changes from the existing contract were to update the dates of the agreement and the management fee (by CPI). The Management fee would be the same as in 2009, based on the CPI at the end of 2008 (zero). The Board will discuss further at the next meeting.

There being no further business, ***MOTION was made by Len Elikan and seconded by Pat Sweeney to adjourn.*** Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye and Ms. Sweeney voted aye. **Motion carried unanimously.**

Meeting adjourned at 12:09 p.m.