

CASA YBEL BEACH & RACQUET CLUB, PHASES F, G, H
ANNUAL OWNERS MEETING
April 28, 2009

The Annual Owners Meeting was called to order at 1:45 p.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. 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, Rita Slaughter – Vacation Counselor 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, and Froilan (JR) Ramirez – General Manager of Casa Ybel Resort.

A sign-in sheet was circulated for all owners present to sign in lieu of a roll call. There was a call for outstanding proxies. A quorum was established.

Mr. Gala advised that Ed McElroy, who was on the Board for over 20 years and was President for several years, has passed on. Ed had many fine accomplishments during his lifetime, was an extremely dedicated and active board member and made many contributions to Casa Ybel. We will miss him.

APPROVAL – PREVIOUS MINUTES – A copy of the minutes of the 2008 Annual Meeting as sent to the owners in the newsletter during 2008 was included in the agenda packet. *MOTION was made by Geri Campbell and seconded by Jim Mills-Price to approve the minutes of the 2008 Annual Meeting as presented.* All voted in favor. **Motion carried.**

MANAGER’S REPORT – Chris Cain

Chris thanked the owners for taking time from their day to come to the meeting. He reported that a year ago the Board took an aggressive approach to improve the 30-year old exteriors of the buildings. Projects completed since the last annual meeting include installing new handrails on the front and back of the buildings, replacing rotted wood, painting the exteriors of the buildings, new exterior lighting and signage, and replacing the storage room and laundry room doors . . . the fire department initially wanted a solid door on the room, but finally allowed us to put back what we had before. Murals will be painted on the laundry room walls very soon. In addition, draperies were put in the upper units’ master bedrooms. Chris thanked the Board for being proactive in getting these things done.

The Association participated in two resort-wide projects as well during the past year. The first was repaving the parking areas and driveways, installing new curbing and brick pavers in the entrance and at the registration office. The second was adding wireless Internet access to the resort.

Chris stated that it’s been a great year, and he is looking forward to another good year. He thanked the Board for their support, thanked JR and the resort’s team, his staff, Astra Kruger and Janet Parks, Mary Lou Farrell and Rita Slaughter in the sales office, and HGVC’s regional staff for their efforts over the past year.

BOARD OF DIRECTORS REPORT

Mr. Gala reported that things we have proposals for and hope to do this coming year include interior painting, new screen enclosures and installing tile on the upper units' patio floors (lower units will be done in 2010), television replacement in the living room and master bedroom and window blind replacement on the lower units for privacy. Also, refinishing of tables, desks, chairs, etc. will be done later this year. Mr. Gala indicated that our units are in pretty good shape.

Mr. Elikan stated that it has been a real pleasure being on the Board for three years. The people you have elected genuinely have the best interest of the entire community at heart. They work hard with each other to reach agreement on every issue. You have selected a good group to represent you.

Ms. Sweeney echoed what Mr. Elikan said, and that the Board is working hard to balance making sure the maintenance fees stay at a reasonable level but then also making sure the resort has good-quality amenities and is well maintained. The resort continues to get good reviews. It's a good group to work with.

Ms. Pommerenke said that in her first year on the Board, she was welcomed with open arms. She noted that the Board pays good attention to the details and tries to keep the big picture of what we're trying to accomplish and keeping our fees reasonable. We're penny pinchers and spend a lot of time discussing little things that you might not expect the Board to deal with. We're making sure that the resort and our property are the best they can be for the best price. She stated that this is an outstanding place to be.

Mr. Perkins said that he has been coming to Casa Ybel every year since it opened, having purchased his unit before the resort was finished. He is very pleased how well the resort has been maintained by the previous board members, the units don't look at all shopworn. It has been a pleasure serving on the Board the past three years.

Mr. Demos said that he had the dubious pleasure of being elected to the Board the year the hurricane came through. He said it's a pleasure serving on this Board. Everybody works hard, and works well with everybody else. This is the best resort on the island.

FINANCIAL REPORT – E. J. Nees

In accordance with Florida statutes, an audit of the 2008 financial statements was performed. The Board chose the independent Certified Public Accounting Firm of Myers, Brettholtz & Company, P.A. of Fort Myers to perform the audit. Mr. Steve Brettholtz, a partner in the firm, met with the Board this morning to review the audit. A clean opinion was issued – the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in conformity with generally accepted accounting principles. An audit is not mailed to each owner due to mailing costs, but is available upon request to the Interval Manager.

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. Reserve balances at December 31, 2008 were: \$413,546 – Interior; \$31,055 – Roof; \$129,990 – Painting; \$3,712 – Paving; and \$102,738 – Capital Improvements, for a total of \$681,041.

An owner asked if there were overdue receivables. Ms. Nees replied that as of April 15, there were only seven accounts that had not paid the 2008 maintenance fees. Of those, the owners of five weeks were deceased and one was coming up for foreclosure. Two weeks are owned by the association (204G/38 and 147F/43) and will be listed for sale. Per the Board's policy, if they are not sold by week 48, they will be put up to the owners for a closed bid sale. With regard to the current year's fees, 95.9% of the 2009 maintenance fees had been collected by the end of March.

INSURANCE REPORT – Randy Piatt

The Hilton Grand Vacations Company master property insurance program, which renewed June 1, 2008, provides coverage for the Association. The program is a layered structure comprised of multiple insurance carriers with a \$150,000,000 limit, per occurrence and in annual aggregate. This limit provides full replacement value coverage. Evidence of Property Insurance was included in the agenda packet distributed at this meeting. Generally, the program insures against perils resulting in direct physical loss or damage to the real and/or personal property at the resort for "All Risks" including flood, earthquake, and named windstorm. In addition, the policy extends coverage for landscaping, debris removal, code upgrades and for reimbursement of maintenance fees and taxes for an insurable loss with certain qualifications. Deductibles under the policy are determined for any one occurrence of an insurable event and vary depending on the type of peril experienced at the resort property. Again, generally all insurable losses will have a \$25,000 deductible, with the exception of named windstorm, earthquake, and flood. Earthquake and flood deductibles are 2% and 5% respectively of the values. Named windstorm deductibles are 5% of the value at the time of loss. Your association also has a deductible buy down feature for named windstorm losses which reduces the deductible to \$100,000. This deductible is shared among Casa Ybel FGH, Casa Ybel IJK and Sanibel Cottages based on their percentage of damage. In addition to property coverage, Hilton maintains for each Association insurance policies for general liability, terrorism and Directors & Officers coverage. Limits and deductibles are stated in the Certificate of Insurance included in the agenda packet distributed at this meeting.

RESALES REPORT – Rita Slaughter

Rita reported that 37 unit weeks were sold through Grand Vacations Realty in 2008 for a total sales volume of \$580,150, an average price of \$15,680. So far this year, 25 unit weeks have been sold for a volume of \$543,950, an average price of \$21,758. If you're interested in buying more weeks or selling your weeks, see Mary Lou or Rita. Also, consider the HGVClub if you're interested in exchanging your week.

2009 BUDGET – A copy of the 2009 budget was sent to each owner with their maintenance fee statement. A copy was also included in the agenda packet distributed at the meeting. ***MOTION was made by Jim Mills-Price and seconded by Jeremy Kane to ratify the 2009 Budget as presented by the Board of Directors.*** All voted in favor. **Motion carried.**

GENERAL DISCUSSION

An owner asked if there was a decrease in the assessed value of the property. Ms. Nees noted that taxes are billed in arrears, and if there is a decrease, we haven't seen it yet. What was billed with the 2009 maintenance fees was the 2008 real estate tax, which was based on all sales in 2007. Lee County allows timeshares a 50% discount on the assessed values, but taxes aren't allocated equally by week. The County allocates the percentage for each week based upon the actual sales prices on all deeds that are recorded.

An owner thought that the material that was sent out with regard to the balloting was very explicit as to the consequences of not having a majority vote, and asked what the Board would do to get the number of required votes. Mr. Elikan noted that we need about 63 more votes. Our plan is to ask the people who are checking in and contact people by phone to send in their ballots. We will be getting a monthly report from Chris as to the number of votes we've received. We expect that in 4 – 6 weeks, we will have 63 votes. If not, we will send out a mailing.

A Canadian owner in attendance said that they're at the resort when the mailing is sent, and by the time they get home there isn't enough time to send the ballot in. Chris noted that the Interval Management Office has extra copies available for those owners who may be on the resort at the time and do not receive their packets in time.

TELLER'S REPORT – Astra Kruger

There were 1,394 unit weeks represented, both in person and by proxy, out of a possible 2,856 unit weeks, which represented 49% owner response.

STATUTORY FUNDING OF RESERVES: There were 1,291 votes to approve a funding level less than required by Florida statutes, and 54 votes not to waive statutory funding of reserves, therefore the reserve funding will remain at the level approved in the 2009 budget.

ELECTION: There were five candidates seeking election to fill the two seats available on the Board of Directors. The candidates receiving the highest number of votes were Len Elikan and Lynn Perkins, who will serve a two-year term if the amendments to the By-Laws are approved at the Special Meeting.

The current Board of Directors is: John Demos, Len Elikan, Joe Gala, Lynn Perkins, Brenda Pommerenke, Patricia Sweeney and Susan Walter.

Astra congratulated Mr. Elikan and Mr. Perkins on their election and thanked the owners for their participation in the election and the meeting.

There being no further business, ***MOTION was made and seconded to adjourn.*** All voted in favor. **Motion carried.**

Meeting adjourned at 2:18 p.m.