

CASA YBEL BEACH & RACQUET CLUB, PHASE IJK
ANNUAL MEETING
April 20, 2010

The meeting was called to order at 1:30 p.m. by President Ron Miller upstairs in the Thistle Lodge at Casa Ybel Resort, Sanibel Island, Florida. All Board members were in attendance: Ron Miller – President, Terry Williams – Vice President and Janette Reid – Secretary/Treasurer. Attending from Hilton Grand Vacations Company (HGVC) were: Chris Cain – Interval Manager, Christine Beale – Assistant to the Interval Manager, E. J. Nees – Director of Resort Operations, Sanibel/Captiva and Cindy Glasenapp – Administrative Assistant and acting Recording Secretary for this meeting. Also in attendance was Lynn Perkins – President of the Casa Ybel FGH Board of Directors.

Mr. Miller welcomed the owners to the meeting and introduced the Board of Directors and management staff. 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.

APPROVAL – PREVIOUS MINUTES – The minutes of the 2009 Special Owners Meeting and the 2009 Annual Owners Meeting were sent to all owners in the newsletter during 2009 and posted on the websites www.casaybelresort.com and www.hgvc.com/casaybelresort. A copy was also included in the agenda packet distributed at the meeting. ***MOTION was made and seconded to approve the minutes of the 2009 Special Owner Meeting and the 2009 Annual Owners Meeting as presented.*** All voted in favor. **Motion carried.**

MANAGER’S REPORT – Chris Cain

Chris reported on projects completed last year. They include interior painting, we didn’t change color scheme; furniture was refinished as needed, new TVs were installed in the living room and master bedroom (a quick reference guide on the operation of the TVs/DVD players will be put in the units), tile and a new waterproof membrane were put on the lanais and a new, three-cushion sleeper sofa was put in the living room. The sofa put in after the hurricane didn’t hold up as long as anticipated. Outside the units, there is a new grill and the beach boardwalk was renovated.

Pool renovations will be taking place shortly due to State mandated upgrades to circulating systems. For the first three weeks in June the kiddy pool and spa will be off limits. Then in late summer/early fall the wooden pool decks will be replaced with brick pavers and we’re hoping the City will allow another shade area. If the resort can’t get permitting, they’ll put more permanent umbrellas up. The pool furniture will all be replaced and landscaping will be done around the perimeter of the pool and on the pool deck.

Chris advised that Astra Kruger has decided to be a stay-at-home Mom. We’ll miss Astra, she’ll be a great mother! Christine Beale has been taking Astra’s place while she was on maternity leave. We look forward to working with her.

Chris thanked the Board for their efforts over the past year and thanked the HGVC staff for their support.

BOARD OF DIRECTORS REPORT – Ron Miller

Mr. Miller advised that the Board has been working with the resort on several projects. Our goal is to keep the units updated. We took a walk through a unit and found that the furnishings are really holding up well in our estimation. We will look at the replacement schedule and may try to consolidate to get a “wow” factor down the road. We may need to look at replacing the appliances sooner than anticipated because they’re starting to rust. We’ve already replaced washer/dryers in seven units.

An owner suggested adding a list of repairs needed to the inventory checklist so owners could make sure everything in their unit is in working and good-looking order. Mr. Miller advised that per our contract with Casa Ybel Hospitality, they guarantee they will completely go through our IJK units twice per year with the checklist that has been developed. However, that doesn’t mean that something can’t go wrong right after they check the units. We count on our owners’ input to let us know if something is wrong. We also use those checklists to document problems so we can address them before they become a problem to you.

FINANCIAL REPORT – E. J. Nees

An audit of the 2009 financial statements was conducted in accordance with Florida statutes. The Board of Directors engaged the firm of Myers, Brettholtz & Company, P.A., an independent certified public accounting firm in Fort Myers, to prepare the audit. The Board met with Steve Brettholtz, a partner in the firm, this morning to review the audit. A clean opinion was issued. An audit is not mailed to each owner due to mailing costs, but will be available within a few weeks upon request to the Interval Manager.

Operating cash at year end 2009 was \$404,927. The restricted Tax Escrow fund held \$712. Reserve cash was \$68,543 and there was one Certificate of Deposit totaling \$99,000, 100% guaranteed by FDIC, earning an average of 1.82%, with a maturity of less than one year.

In 2009, total Operating revenues were \$605,199; total Operating expenses were \$612,554 resulting in a deficiency of revenues over expenses of (\$7,355). The beginning Operating Fund balance on January 1, 2009 was \$4,269, and at December 31, 2009 was (\$3,086). Reserve funds totaled \$167,266 at December 31, 2009, and by category: \$100,368 – Interior, \$21,174 – Roof, \$3,920 – Painting, \$4,277 – Paving and \$37,527 – Capital Improvements.

INSURANCE REPORT – E. J. Nees

The Hilton Resorts Corporation master property insurance program, which renewed June 1, 2009, provides coverage on behalf of the Association in accordance with the management agreement. The program is a large layered structure, comprised of multiple insurance companies, with a \$200,000,000 blanket loss limit, per occurrence for any one loss or disaster. This limit more than adequately covers the full replacement value of the property. 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 real and personal property at the resort for “All Risks” including flood, earthquake, and named windstorm. The policy also includes an extension of coverage for other expenses due to loss or damages, including for example: landscaping, debris removal, code upgrades (ordinance and law), reimbursement of maintenance fees, as well as others. Deductibles under the policy are determined for any one occurrence of an insurable event and will 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 actual value per unit of insurance, subject to a minimum loss each occurrence. Named windstorm deductibles are 5% of the actual value per unit of insurance, subject to a minimum loss for each occurrence. Your association also participates in a deductible buy down feature for named windstorm losses which effectively reduces the deductible from the previously stated 5% per unit of insurance to \$100,000 per occurrence. That deductible is further shared with the Casa Ybel FGH Association and Sanibel Cottages due to their proximity and is based on the percentage of damage at each property. Finally, in addition to the property coverage above, Hilton maintains for each Association insurance policies for general liability, terrorism, and Directors & Officers coverage. Limits are stated in the Certificate of Insurance included in the agenda packet distributed at this meeting.

An owner asked if the sign about children in the spa was due to insurance requirements. She has noticed children in the spa. It was explained that the IJK Association doesn't own the pool or the tennis courts. The pools, spa and tennis courts would be insured by Casa Ybel Hospitality. If children are in the spa, it's not a liability to our Association.

Coverage for reimbursement of maintenance fees and real estate taxes was added after Hurricane Charley, and actually used after Hurricane Wilma. Unfortunately it was not available under our insurance coverage before Hurricane Charley.

Mr. Miller advised that the Board felt it was our fiduciary responsibility to investigate insurance coverage available to make sure we have the best coverage. We could find no one who would give us loss of use coverage without an unbelievably high premium; code update insurance is almost unavailable. It is included in this policy and also landscaping. Mr. Miller stated that we are fortunate to have Hilton behind us. We benefited from their buying power. For the price, we believe we have the best coverage we can get. He also noted that the IJK deductible for Hurricane Charley was \$25,000.

RESALES REPORT – Christine Beale

Christine reported that 27 Casa Ybel IJK weeks were sold through Grand Vacations Realty (GVR) in 2009 for a total sales volume of \$661,250. So far this year, six Casa Ybel IJK unit weeks have been sold for a volume of \$144,000. Resort-wide, 80 weeks were sold in 2009 through GVR for a total sales volume of \$1,528,200. Listing prices range from \$8,000 - \$45,000. 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.

2010 BUDGET – A copy of the 2010 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 and seconded to ratify the 2010 Budget as presented by the Board of Directors.*** All voted in favor. **Motion carried.**

TELLER'S REPORT – Christine Beale

There were 356 unit weeks represented, both in person and by proxy, out of a possible 900 unit weeks, which represented 39% owner response.

WAIVER OF STATUTORY FUNDING OF RESERVES: There were 329 votes to waive statutory funding of reserves and four votes against waiving statutory funding. Statutory funding

requirements were waived, therefore the reserve funding will remain at the level approved in the 2010 budget.

ELECTION: There were three candidates seeking election to fill the one seat available on the Board of Directors. The candidate receiving the highest number of votes was Terry Williams. The current Board of Directors is: Ron Miller, Janette Reid and Terry Williams. Christine congratulated Terry on his election and thanked the owners on their participation in the election and the meeting.

It was noted that this was the first year we were offered the ability to vote on line, and 39% of the owners voting did so on line. We were very pleased with that.

The owners thanked the board members for all of their work.

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

Meeting adjourned at 2:00 p.m.

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