

**CASA YBEL BEACH & RACQUET CLUB
PHASE IJK CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
October 20, 2008**

The meeting was called to order at 9:00 a.m. by President Ron Miller, downstairs in the Thistle Lodge at Casa Ybel Resort, Sanibel, Florida. All board members were in attendance, Ron Miller, Janette Reid and Terry Williams. Also in attendance was Susan Walter, President of the FGH Board of Directors. Attending from Hilton Grand Vacations Company (HGVC) were Chris Cain – Interval Manager, E. J. Nees – Director of Resort Operations, Sanibel/Captiva, and Cindy Glasenapp – Administrative Assistant and Acting Recording Secretary for this meeting.

APPROVAL – PREVIOUS MINUTES – A correction was made to the minutes of the Board meeting beginning at 9:00 am. On April 22, 2008: the Wireless Project was a Capital Reserve item rather than a Board Authorized Project. *MOTION was made by Terry Williams and seconded by Janette Reid to approve the minutes of the board meetings held on April 22, 2008 as revised.* Mr. Miller voted aye, Ms. Reid voted aye and Mr. Williams voted aye. **Motion carried unanimously.**

PRESIDENT’S UPDATE – Mr. Miller reported on the President’s Meeting that was held last Friday. He noted that he has been unhappy with the progress of the website. The intent of the website is for communication with our owners and to show our projects. He would also like images of the two-bedroom units included on the website for rental prospects; the other board members agreed. Mr. Miller will talk with Larry Blankenship and John Ayers of Casa Hospitality about their position about including the two-bedroom units on their rental information. It was thought that the resort should split the costs of getting photos of the two-bedroom units for the rental website. Mr. Cain and Mr. Miller will work on communication from the timeshare side and rental information on the resort’s side. The resort has plans to revamp the website, but Mr. Miller doesn’t want to wait until it’s revamped.

Mr. Miller and Susan Walter will be updating the website with information that comes forth from the budget meetings.

The only resort-wide capital improvements project that Casa Hospitality asked for participation in is coordinating the changing of all the lights in the parking lot and driveways. Each association would only be responsible for the lights on their property.

Projects that the resort is undertaking (without the financial assistance of the associations) include replacing the decking by Coconuts, replacing the grass behind the restaurant and doing more landscaping. Projects planned for the Cottage Colony West (CCW) units include replacing railings, doors and screen enclosures.

Wireless access is available on premise, but it doesn’t have the signal strength that is desired. The resort is still working on it. There will not be a charge for wireless access. There should be access at the pool.

Mr. Miller advised that he signed a letter to the City as required to keep the Conditional Use Permit to have a sales office on-site.

Mr. Miller advised that the sale of Association-owned unit 167J, week 36 was finally closed. The new owner will have 2009 occupancy.

FINANCIAL REVIEW – The latest financial statements were reviewed. The Association Fees are accrued monthly. Seventy dollars per unit week of Operating surplus is used as a credit against the 2008 maintenance fees.

ROOFING INSPECTION/MAINTENANCE PROGRAM – Gerry Babb of Murton Roofing came to the meeting to report on the condition of the roofs. Murton has been out three times this year because of a little wind damage. At this time, the roofs are still in good condition. Gerry proposed a five-year TectaCare Planned Maintenance Program and projected the cost for five years out. The program includes two inspections per year, replacement of sealants and minor repairs as needed. The fee for 2009 stays the same as 2008; the maximum increase each year would not exceed 5%, based on the market conditions. There is an annual opt-out provision, so there was no down-side to signing the contract.

Murton Roofing is completing a 1 million sq. ft. storage building in Fort Myers where materials for the roofs under their contracts will be stored. The HGVC-managed properties are on their priority response list and they will respond within 24 hours after a disaster, or as soon as allowed on the island. Should major roof damage occur, they will dry-in the buildings and prepare specifications for repairs as a basis for getting bids. They would like to be included as a bidder in that event.

Gerry also proposed a Geoguard coating that could be installed over the coating on the flat roofs. The coating has been found to provide a 10-15 degree drop in temperature in the top units.

MOTION was made by Janette Reid and seconded by Terry Williams to approve the five year contract with Murton Roofing with one year options. Mr. Miller voted aye, Ms. Reid voted aye and Mr. Williams voted aye. **Motion carried unanimously.**

CONFLICT OF INTEREST POLICY – HGVC recommended a Conflict of Interest Policy for board members to disclose any potential conflicts of interest. The proposed policy was reviewed. Consensus was not to sign the policy as we see no reason to document any conflict of interest at this time.

CREDIT CARD PAYMENTS – This year payment by credit cards will only be accepted on-line; no manual credit card payments will be done. HGVC had previously indicated that they would not take credit card payments by telephone. If the Board opts not to accept credit card payments, no one in the association would be able to pay by credit card. The merchant fee cannot be charged back to the person using a credit card. Fees are collected more quickly from international owners and with fewer fees when they pay by credit card, and it is a good collection tool for delinquent accounts. Approximately 18% of the 2008 maintenance fees were paid by credit card. The fee for Master Card/Visa is 1.84% - 2.4%, American Express is 2.9%, and the fee for Discover is 1.6% - 2.8% plus 10¢ per transaction. If the Board chooses to allow credit card payments, the payment option would be noted in the letter accompanying the budget, but owners will be encouraged to pay by check as the most cost effective method. The billing invoice would also make this statement, and nothing will be put on the invoice about paying by credit card. Mr. Miller suggested stronger language in the letter to indicate that the Board prefers

payment by check. **MOTION was made by Janette Reid and seconded by Terry Williams to accept credit card payments.** Mr. Miller voted aye, Ms. Reid voted aye and Mr. Williams voted aye. **Motion carried unanimously.**

DELINQUENCY REPORT – As of this time, the owners of two accounts are delinquent for the 2008 maintenance fees. The owner of unit 170K, week 48 has deeded the week back to the Association. It will be given to the real estate sales people per policy, and if not sold by 4 weeks after week 48, it will be put up for sale to the owners by closed bid. The second delinquent owner has filed bankruptcy. HGVC's collection department is following up.

The sale of the last Association-owned week that had accumulated many years' worth of maintenance fees was reviewed. The Association had to wait for the judgments on the property to expire.

LEGISLATIVE CHANGES/BOARD MEMBER TERMS – New Florida laws effective October 1, 2008 regarding board terms were discussed. The law allows only one year terms unless the by-laws allow a staggered two-year term. In that event, a majority of all owners could vote to ratify the existing two-year staggered term. Casa Ybel IJK's bylaws call for a three year term, which is no longer an option according to the changes to Florida laws. The new laws are not retroactive; board members may continue to serve out the term they were elected for. Term limits (sit out clauses) are no longer enforceable. Other new laws require that Board candidates sign a "certification form" indicating that they have read and understand, to the best of their ability, the condo documents and applicable Florida law. Convicted felons can not serve on the board until 5 years after their voting rights have been restored. HGVC will be incorporating these items into their board candidate forms and annual meeting packages. The condominium documents will be posted on both websites, www.casaybelresort.com and www.hgvc.com/casaybelresort. HGVC has asked ARDA to lobby that these legislative changes not apply to timeshare.

To address the legislative change regarding board terms, an amendment to Article IV, Section 1 of the By-Laws and an amendment to Article VI, Section 1 of the Articles of Incorporation were proposed to change the term of directors from three years to two years. **MOTION was made by Terry Williams and seconded by Janette Reid to amend the Articles of Incorporation and By-laws to provide for a two-year term for Directors.** Mr. Miller voted aye, Ms. Reid voted aye and Mr. Williams voted aye. **Motion carried unanimously.**

The proposed amendments regarding Directors' term will go out to the owners in the annual meeting mailing. Approval requires 51% of all owners to vote in favor. Mr. Miller and Ms. Walter will update the website about this issue and encourage people to vote on this important amendment.

CONDOMINIUM DOCUMENT REVISION – It was discussed whether the condo documents should be revised in total to remove references to the developer and update them to current law. Other associations managed by HGVC have updated their documents to address the "40 year termination" clause (. . . in 2021 all owners become tenants in common). The Board decided at this time there was no benefit justifying the cost of doing so; other associations will face this issue prior to us and we will wait to see the impact on us.

INSURANCE REBATE – Becker and Poliakoff sent the condo associations on retainer notice that if they had policies from State Farm prior to Hurricane Charley, they are due a rebate from State Farm. Ms. Nees indicated that State Farm did not provide insurance to the association.

REAL ESTATE TAX REVIEW – The 2008 real estate tax bill for the Casa Ybel FGH and IJK units were split out by association this year and the County further adjusted the allocation by week. The taxes reflect the increase in market value, especially season weeks. The assessed value in 2007 was \$8,349,000; in 2008 it was \$8,943,230. Mr. Miller questioned why the assessed value increased 7.1% but the taxes increased 17.6% and disagreed with the changes in allocation. He would like an explanation of the 17.6% increase. HGVC will be having another meeting with the County in the spring to review the allocations.

GUEST AMENITY PACKAGE – The amenities package is in the units (lotion, shampoo and conditioner). Chris hasn't heard any comments, good or bad, nor has anyone asked for more.

IRRIGATION METERS – Chris advised that we are unable to put a separate irrigation meter on IJK's lines.

PREVENTIVE MAINTENANCE – Mr. Miller was assured that preventive maintenance as we requested is in place and documented in Chris' office. A/C filter replacement is being done every two months. The A/C company is now date-stamping the filters and a log is kept in the maintenance shop. Chris will keep on it. Chris also inspects units after the housekeeping supervisor inspects them. He noted that every time a unit is vacant, Maintenance is in the units to do preventive maintenance. Chris hasn't seen any repetitive problems in the maintenance logs.

2008 PROJECT UPDATE – Chris reported that the handrails have been installed; electrical for the gulf-side stair lights will be hooked up shortly. They are finishing up replacing deteriorated wood. Signage is basically done. The gulf-side stairs were done earlier in the year. They are installing new decking on the beach boardwalk, but will be doing it when the standing water has dried up. Sliding glass doors and windows have all been replaced. Three window sills that were cracked and could not be repaired have been replaced. Chris will check to make sure there are no missing window screens.

The "No smoking in the units" signs, notices in the newsletters and inserts in the welcome packets seem to have reduced the occasions of smoking odors in the units. A fogging machine is also available to remove odors.

Ice issue – Rather than putting a "use ice at your own risk" sticker, consensus was to just have Housekeeping dump the ice and turn the icemaker back on. No sticker.

Meeting recessed at 12:00 p.m. and reconvened at 1:15 p.m.

2009 BUDGET – Mr. Miller asked that next year's budget include a comparison of proposed budget to estimated actuals.

The line items in the proposed 2009 budget were reviewed. Items of note:

- Credit Card Fees were broken out into a separate line item from the Bank Fees. The budget anticipates that 25% of the fees would be paid by credit card.

- Owner Mailings – budgeted amount covers three 6-page newsletters. Casa Hospitality participates in the higher cost proportionately.
- Salaries/benefits – Mr. Miller questioned the increase in the line items paid to HGVC, indicating that the increase was more than 5% above the 2008 actual expense. E. J. explained that HGVC had determined several years ago that the costs were much higher than CPI, and had notified the Board that they would be breaking those items out separately in the 2009 budget (printing, postage, supplies, salaries, etc.). How the salary budget and increases are determined was discussed. The association will be charged what the actual expenses are, however, the Board asked for an explanation of this year's increase in salaries.
- Utilities – an increase is anticipated for the cost of water and a 7% increase was anticipated for sewer.
- Grounds – a 4.6% increase over the projected actual expenses was budgeted for this category. An increase in landscaping annuals was budgeted for the upkeep of the vegetation and will include sprinkler repairs. Pest control actual expense for 2008 includes raccoon and armadillo removal. Chris is investigating whether the palm tree inoculations are necessary. It was questioned whether the DNR zone trimming is allowed once or twice per year.
- Building supplies and building maintenance and repairs 2008 actual expenses are over budget because the 2007 invoices from the resort were received after the 2007 books were closed (\$7,000 total). This year we are getting the invoices regularly each month.

The 2009 Reserve Schedule was reviewed. At the April 22, 2008 board meeting, approval had been given for the exterior projects and to move money between the reserve funds as necessary. When the final figures were known, board members individually gave consent by e-mail to transfer the funds. ***MOTION was made by Terry Williams and seconded by Janette Reid to ratify the transfer of \$145,000 from the Interior Reserve, \$23,000 from the Painting Reserve and \$20,000 from the Paving Reserve and to put \$188,000 into the Capital Improvements Reserve.*** Mr. Miller voted aye, Ms. Reid voted aye and Mr. Williams voted aye. **Motion carried unanimously.**

INTERIOR RESERVES – To address the sleeper sofa issues, manufacturer's reps came to investigate and determined the mechanism problem was caused by abuse. Chris proposed replacing the mattresses in the sleeper sofas at a cost of \$7,385 to try to get by until 2010 when the next interior refurbishment is planned. Board members think it's best to live with it until it's time to replace them.

Projects scheduled for 2009 include TVs, water heaters and the porch coating.

- TV's – Susan Walter, Casa Ybel FGH's Board President disclosed that her son is one of the bidders for the TVs. The resort wants to participate on getting TVs too. There won't be a problem with the transition to digital service with the existing TVs. The existing living room armoires will accommodate a 32" TV. Board members agreed that a TV isn't needed in the guest bedroom; the room is too small.
- Tankless water heaters were discussed.
- Porch coating was moved up to 2009 to get it done at a different time than the interior refurbishment. The existing coating needs to be removed completely before anything else can go on. Mr. Williams thought porcelain tile would be the best flooring option over the waterproof membrane.

PAINTING RESERVE – Interior painting is scheduled for 2009. The Board wants to stay with the same color.

PAVING RESERVE – Repaving and paver projects are completed. For future consideration, the contractor doing the one-bedroom units sidewalks gave a bid to put pavers on the parking lot sidewalk (\$10,976), the grill area (\$12,285) and the gulf-side shell pathways (\$24,800).

CAPITAL IMPROVEMENTS RESERVE – There is \$15,000 in the capital improvements budget for wood replacement. Ted Watts estimated a cost of \$9,576 to do the remaining replacement. ***MOTION was made by Terry Williams and seconded by Janette Reid to approve wood replacement with stucco around the living room windows of the inside lower units by Ted Watts while he is here.*** Mr. Miller voted aye, Ms. Reid voted aye and Mr. Williams voted aye. **Motion carried unanimously.**

It was noted that the one-bedroom units put gutters on the gulf side of the buildings to avoid water draining onto the stairs. The cost for gutters would be \$2,660. It was recommended to look at the wood first, and then look at this.

Parking lot lights – The reserve schedule was adjusted to include parking lot lights. The cost was estimated at \$1,500 to \$2,000 per pole (possibly 20).

After all items were adjusted, the maintenance fee was \$880.00 per unit week, a \$13.95 increase (1.61%) over last year's budget. ***MOTION was made by Terry Williams and seconded by Janette Reid to adopt the 2009 budget at \$880.00 per unit week.*** Mr. Miller voted aye, Ms. Reid voted aye and Mr. Williams voted aye. **Motion carried unanimously.**

The reserve portion of the 2009 budget was funded at a lower level than required by statutes. ***MOTION was made by Janette Reid and seconded by Terry Williams to waive statutory funding of reserves and recommend that the owners vote to waive statutory funding of reserves at the annual meeting.*** Mr. Miller voted aye, Ms. Reid voted aye and Mr. Williams voted aye. **Motion carried unanimously.**

ARDA ROC – A resolution to allow HGVC to place a request for a voluntary \$3 contribution to ARDA-ROC (American Resort Development Association, Resort Owners Coalition) on the billing statement this year and in future years until amended or repealed by action of the Board or the request for the contribution is modified or discontinued by ARDA was reviewed. The voluntary contribution would be included in the total amount due on the billing statement and a note would be made in the letter to subtract the \$3 from the total amount if the owner does not wish to support ARDA-ROC. Contributions will not be solicited for the ARDA ROC PAC. ***MOTION was made by Terry Williams and seconded by Janette Reid to approve the ARDA ROC Resolution as presented.*** Mr. Miller voted aye, Ms. Reid voted aye and Mr. Williams voted aye. **Motion carried unanimously.**

There being no further business, ***MOTION was made by Janette Reid and seconded by Terry Williams to adjourn.*** Mr. Miller voted aye, Ms. Reid voted aye and Mr. Williams voted aye. **Motion carried unanimously.**

Meeting adjourned at 2:00 p.m.