

**Approved May 30, 2008**

**THE SURF CLUB CONDOMINIUM ASSOCIATION  
ANNUAL MEETING  
THURSDAY, MAY 10, 2007**

The meeting was called to order at 1:05 p.m. by President, M.T. Myers in the Social Room at The Surf Club of Marco, Marco Island, Florida. Board members in attendance were: M.T. Myers, William Chandler, and Joe McCluskey. Attending from Hilton Grand Vacations Company (HGVC) were: Alyce Tracey – Resort Manager, Anthony McHugh – Assistant to the Resort Manager, Randy Piatt – Senior Director Resort Operations, Ada Grzywna – Regional Director Resort Operations, Lael Kilpatrick – Regional Manager Resort Operations and Riki Martin – Administrative Assistant and Acting Recording Secretary for this meeting.

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

**APPROVAL OF PREVIOUS MINUTES**

A copy of the minutes of the 2006 Annual meeting was sent to each owner in the newsletter published in 2006 and was also included in the agenda packet distribute at the meeting. **MOTION was made and seconded to approve the minutes of the 2006 Annual meeting as presented.** All voted in favor. **Motion carried.**

**MANAGER’S REPORT**

Mrs. Tracey came to the Surf Club in March of 2007 as the Resort Manager.

- Units have been renovated
- Internet Kiosk in the lobby
- Newsletter will be updated with information that has been requested.

**BOARD OF DIRECTOR’S REPORT**

Mrs. Myers stated that this was her first Annual meeting as President. She welcomed the owners to the meeting. She was happy to report that Mrs. Tracey will be mentoring her employees. The Board is looking for a solution to replace the kitchen table and chairs.

**FINANCIAL REPORT**

Mr. Lopez of the CPA firm Myers, Brettholtz and Company of Ft. Myers attended the morning meeting of the Board of Directors. The firm has audited the financial records through December 31, 2006. Mr. Lopez stated that the financial statements present fairly, in all material respects, the financial position of The Surf Club of Marco, Inc. as of December 31, 2006, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### **INSURANCE REPORT**

Mr. Piatt stated that the Association is insured under the umbrella policy for Hilton Hotels Corporation, and is able to participate in that by virtue of having HGVC as its management company. Hilton takes about \$12 billion in real estate values to market every year. Property insurance coverage includes all risk perils, flood and windstorm at 100% replacement cost with a \$25,000 primary deductible. The perils of flood and "windstorm" – storms named by the National Weather Service and with sustained winds of at least 75 mph within 25 miles of shore, carry larger deductibles. The primary carriers are ACE, Lexington, Commonwealth, Columbia Casualty, and Lloyd's of London. Public liability insurance coverage for the Association continues in effect for injury or damage to third parties with limits well in excess of \$100 million, with no deductible to the Association. Directors and Officers liability insurance of \$5 million and crime insurance as required by the State are also maintained.

Mr. Piatt said that the premiums that were anticipated to be a 100% increase last year ended up being roughly 300% higher. HGVC is hopeful that when the property insurance renews in June the rates will be lower. Although we may see some softening of the market, the rates are not going to go down as much as before the storms of 2004 and 2005. Yes, it's going to be expensive, but Mr. Piatt is confident that unlike some local associations that were unable to get insurance, the Association's insurance coverage will be as good as we've always had. Hopefully we'll have a quiet year for 2007 like 2006, but all predictors are that we could have an active hurricane season.

### **RENTAL REPORT**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Nights Available	1022	954	1372
Nights Rented	440	430	736
Occupancy	43.1%	45.1%	53.6%
Gross Revenue	\$114,321	\$112,751	\$189,529
Average Rate	\$259.82	\$262.21	\$257.51
Weeks Available for Rental	161	171	192
Weeks with Rental Activity	85	83	130
% with Rental Activity	52.8%	48.5%	67.7%
Weeks Renting 4 or more nights	57	61	97
% getting 4 or more nights	67.1%	73.5%	74.6%

### **COMMENTS:**

Unfortunately this report is not very informative as the numbers have been skewed because of the closures due to Hurricane Wilma which impacted 2005 and 2006.

## **RESALES UPDATE**

### **2006 SALES**

Number of Weeks Sold	50
Dollar Volume	\$567,000
Average Price	\$11,340

### **2007 SALES YTD**

Number of Weeks Sold	23
Dollar Volume	\$362,400
Average Price	\$15,757
Number of Weeks Currently Listed	222
Volume	\$2,576,000
Listing Price Range	\$7,000 - \$35,000

## **NEW BUSINESS**

### **Ratification of 2007 Budget**

The proposed 2007 Operating Reserve Budget were sent to each owner with the maintenance fee statement and a copy was included in the agenda packet distributed at this meeting. **MOTION was made and seconded to ratify the 2007 budget as presented.** All voted in favor. **Motion carried.**

### **TELLER'S REPORT**

There were 919 unit weeks represented, both in person and by proxy, out of a possible 2,244 unit weeks, which represents 41% of owner response.

### **Waiver of Statutory Funding**

There were 867 votes to waive the statutory funding of reserves and 59 votes not to waive the statutory funding of reserves. Waiver of statutory funding of reserves was approved therefore the reserve funding will remain at the level approved in the 2007 budget.

### **Election of Director**

There were 7 candidates seeking election to fill the one seat available on the Board of Directors. The candidate receiving the highest number of votes was Sherwin Turk, who was elected to serve a three year term.

The current Board of Directors is Joe McCluskey, M.T. Myers and Sherwin Turk.

Congratulation to Mr. Turk on his election. Thanks to the owners who participated in the election and the meeting.

270 voted for a 5 member board and 29 voted against a 5 member board.

**MOTION was made and seconded to accept the Tellers Report.** All voted in favor.  
**Motion carried.**

**GENERAL DISCUSSION**

What is the reason the unit doors can not stay open? Each unit has fire rate wall and ceiling. The purpose of the self closure is so the fire won't spread.

An owner thanked the management team for the maintenance fee reimbursement.

Thanks to the Board of Directors for listening to the owners and accomplishing what the owners want.

The units look fantastic. Has this had any effect on getting the Gold Crown status back?

Management will not know until the scores come out in August. Our resort is competing with the huge mega resorts now and another downfall is we do not have washer/dryer in the units.

Mrs. Tracey presented outgoing Board member Mr. Bill Chandler with a token of appreciation for all his work on the Board.

The Board of Directors presented to Chris an appliance dolly.

**ADJOURNMENT**

**MOTION was made and seconded to adjourn the meeting.** All voted in favor.  
**Motion carried.**

**Meeting adjourned at 1:41 p.m.**