

**THE SURF CLUB OF MARCO  
ANNUAL MEETING  
THURSDAY, APRIL 23, 2009**

The meeting was called to order at 3:00 p.m. in the Social Room at The Surf Club of Marco, Marco Island, Florida. Board members in attendance were: Bill Chandler, Jim McCanna and Joe McCluskey. Attending from Hilton Grand Vacations (HGV) were: Sharry Luneke – Resort Manager, Chris Schmadtke – Assistant to the Resort Manager, Randy Piatt – Regional Vice President Resort Operations, Neil Hutchinson – Sr. Director Association Management Services, Lael Kilpatrick – Regional Manager Resort Operations and Riki Martin – Administrative Assistant and Acting Recording Secretary for this meeting. Steve Brettholtz of Myers, Brettholtz and Company attended the meeting for the financial report.

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 2008 Annual meeting was sent to each owner in the newsletter published in 2008 and was also included in the agenda packet distributed at the meeting. **MOTION was made and seconded to approve the minutes of the 2008 Annual meeting as presented.** All voted in favor. **Motion carried.**

**MANAGER'S REPORT**

Mrs. Luneke introduced the staff and thanked the owners for attending the meeting. She also thanked the Surf Club owners who volunteered to count the ballots for the Annual meeting.

- Installed twin mattress in guest bedroom
- Cosmetic update to guest bathroom
- Seal coat parking lot
- Purchased and installed power wash system
- Purchased 3 large pool umbrellas
- Purchased commercial washing machine
- Purchase hot water boiler which is 98% thermal efficient
- Entry lights were changed by maintenance staff at a savings to the property of \$12,000

**2009 Projects**

- Elevator modernization to begin in June (to meet State requirements)
- Update Fire System
- Wireless in all units

**FINANCIAL REPORT**

Steve Brettholtz's report stated, "In our opinion, the financial statements referred to above present fairly in all material respects the financial position of The Surf Club of Marco, Inc. As of December 31, 2008 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".

Mr. Brettholtz gave a recap of the year's activities as follows:

Operating cash	\$711,569
Reserve cash	\$419,394
Total operating revenue	\$1,712,447
Total operating expenses	\$1,744,169

Excess (deficiency) \$(31,722) 2% off budget

Beginning Operating Fund Balance January 1, 2008 \$(33,629)  
Ending Operating Fund Balance December 31, 2008 \$(65,351)

**BOARD OF DIRECTOR'S REPORT**

Mr. Chandler stated that in January 2009 the resort staff began distributing to owners in house the limited proxy form. Items to be voted on were increase board members from 3 to 5, term of office and amendment approval (50.1%). A special owners meeting is scheduled for January 4, 2010.

**RENTAL REPORT**

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Nights Available	1262	1165	1022
Nights Rented	782	689	440
Occupancy	62.0%	59.1%	43.1%
Gross Revenue	\$203,980	\$180,724	\$114,321
Average Rate	\$260.84	\$262.30	\$259.82
Weeks Available for Rental	181	165	161
Weeks with Rental Activity	126	124	85
% with Rental Activity	69.6%	75.2%	52.8%
Weeks Renting 4 or more Nights	111	93	57
% getting 4 or more Nights	88.1%	75.0%	67.1%

**COMMENTS:**

While the tourism industry in general experienced a significant slow down in the latter half of 2008, Surf Club bucked that trend, maintaining a good occupancy, and held a steady average rate. The increase in availability came in the latter half of the year, which is traditionally a slower time, and thus we were not able to maintain the higher percentage of weeks with rental activity. Weeks getting 4 or more nights did increase indicating a longer stay in each unit. Unfortunately, the outlook for 2009 is not as optimistic. Even in the traditionally high season months of February, March, and April, demand is off significantly and the occupancy is suffering. Even with some stabilization in the economy, recovery will be slow and it could be a lean year or two for owners who are trying to rent their weeks.

**RESALES REPORT**

**2008 SALES**

Number of Weeks Sold	79
Dollar Volume	\$473,950
Average Price	\$5,999

**2009 SALES YTD**

Number of Weeks Sold	20
Dollar Volume	\$240,000
Average Price	\$12,000

176 weeks available  
\$2,200,095

**NEW BUSINESS**

**Ratification of the 2009 Budget**

The proposed 2009 Operating Reserve Budget was 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 by Mr. Irby and seconded by Mrs. McCluskey to ratify the 2009 budget as presented.** All voted in favor. **Motion carried.**

**OWNER COMMENTS**

- Q. Does Surf Club have any large projects comparable to elevators/fire system planned for 2010?  
A. No
- Q. Are we going to have wireless internet to the units?  
A. The Board of Directors approved at the morning meeting to hire a consultant to draft specifications based on the resort needs and move forward with the project.

**Draft 5-7-2009**

Q. An owner has heard a rumor that Hilton wants to buy the owners of The Surf Club out?

A. The owners own the property fee simple. At the end of 20 years the owners become tenants in common for one day. Mr. Chandler stated the Association successfully amended the documents to extend that date to 2040.

Q. Why was the elevator project moved forward?

A. After receiving the elevator inspection report documenting a required upgrade for "Fireman's Service" the project had to be accelerated to meet state requirements.

The owners thanked the Board of Directors and the Management team for doing such a good job of managing the property.

Mr. McCanna stressed the importance of obtaining the required votes for the by-law changes.

**TELLER'S REPORT** – Shirley Kruer (Owner)

There were 869 unit weeks represented, both in person and by proxy, out of a possible 2,244 unit weeks, which represents 38.8 % owner response.

**Waiver of Statutory Funding**

There were 754 votes to waive the statutory funding of reserves and 61 votes not to waive the statutory funding of reserves. Waiver of statutory funding of the reserves was approved therefore the funding will remain at the level approved in the 2009 budget.

**Election of Director**

There were 4 candidates seeking election to fill the one seat available on the Board of Directors. The candidate receiving the highest number of votes was Joe McCluskey. Who was elected to serve a one year term.

The current Board of Directors is William Chandler, Jim McCanna and Joe McCluskey

Congratulations to Joe McCluskey on his election. Thanks to the owners who participated in the election and the meeting.

Thanks to the following Surf Club owners for volunteering to count the proxies:

Sue Minoie  
Robert & Gerlide Valante  
Shirley Kruer

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**ADJOURNMENT**

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

**Meeting adjourned at 3:50 p.m.**