

Draft 11-20-2007

**THE SURF CLUB CONDOMINIUM ASSOCIATION
BUDGET MEETING
OCTOBER 18 – 19, 2007**

The meeting was called to order at 9:20 a.m. by President M.T. Myers at Hilton Grand Vacations Regional Office, Marco Island, Florida. Board members in attendance were M.T. Myers, Joe McCluskey and Sherwin Turk. Attending from Hilton Grand Vacations (HGVC) were: Chris Schmadtke - Assistant to the Resort Manager, Ada Grzywna – Regional Director Resort Operations, Lael Kilpatrick – Regional Manager Resort Operations and Riki Martin – Acting Recording Secretary for this meeting. Owners in attendance on October 18 were Bill Chandler, Ken Vitale, Lynne and Les Deller. Owner in attendance on October 19 was Sharry Luneke.

Owners Comments

The owners in attendance expressed concern that the website for Surf Club is not updated. Management advised that you can go to www.hgvc.com/surfclub/pages/News The board meeting minutes that have been approved today will be added to the website.

Progress is being made on the fitness center. The Board is looking at the possibility of leasing the equipment instead of owning.

APPOINTMENT OF RECORDING SECRETARY

MOTION was made by Mr. Turk and seconded by Mr. McCluskey to approve the appointment of Riki Martin as recording secretary for this meeting. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. Motion carried unanimously.

APPROVAL OF AGENDA & CERTIFICATION OF MEETING NOTICE

MOTION was made by Mr. McCluskey and seconded by Mr. Turk to approve the agenda and certification of meeting notice. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. Motion carried unanimously.

APPROVAL OF PREVIOUS MINUTES

MOTION was made by Mr. Turk and seconded by Mr. McCluskey to approve the minutes of the July 21, 2007 meeting as modified. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. Motion carried unanimously.

MOTION was made by Mr. McCluskey and seconded by Mr. Turk to approve the minute of the May 11, 2007 meeting. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. Motion carried unanimously.

MOTION was made by Mr. Turk and seconded by Mr. McCluskey to approve the minutes of the May 9, 2007 meeting. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. Motion carried unanimously.

OLD BUSINESS

Policy Manual Review

Policy Manual will be reviewed at the January 2008 meeting.

Rules & Regulations

The rules and regulations will remain the same. Parking was the only issue addressed and will be handled on a case by case basis. The Board was in agreement that once the fence at the beach side of the property has been installed it should help eliminate people parking illegally at the resort to access the beach.

Owner's Directory

The Board agreed to mail an "Owner Directory Release Form" to owners. This form would allow them to authorize their names and unit numbers to be on a list at the front desk, available during their weeks. (Please see same motion passed during the May 9, 2007 Board Meeting.)

MOTION was made by Mr. McCluskey and seconded by Mr. Turk to authorize management to provide the list of owners names and unit numbers to owners during their weeks, providing that they have signed the authorization form. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. Motion carried unanimously.

Beach Access/Fence

Mr. Schmadtke will speak to the beach concession employees to make sure the gate is locked each day. The Board will tour the area where the fence will be placed during a break in today's meeting.

Fitness Center

Mr. Turk will review the contract on leasing the fitness equipment. Bids will be provided at the teleconference meeting for window film for the fitness center.

NEW BUSINESS

Surf Club Domain Name

In April of 2005 the domain name "The Surf Club of Marco.com", was secured for a period of five years. At the May 9, 2007 meeting Mr. Piatt stated that, HGVC currently provides a viable website for use as a communication tool for Surf Club members under its HGVC website link, therefore HGVC would not be willing to manage another website for the Association. Mr. McCluskey and Mr. Turk volunteered to look into other website options and will present their findings at the January meeting.

Break 11:00 a.m. – 11:15 a.m.

Revision of Governing Documents

Ms. Myers will provide information on revising the governing documents at the January 2008 meeting. Management suggested contacting Michael J. Belle or Baker & Hostetler who specialize in timeshare law. Mr. Turk suggested that Becker & Poliakoff be offered the opportunity to update the previous revision that was prepared by Austin White.

FINANCIAL REPORT

Year to date Reserve Expenses

The Board reviewed the reserve expenses.

Ms. Kilpatrick or new manager will provide proposals at the January 2008 meeting for a functional and attractive free-standing cabinet/with a waste pullout to hold groceries, etc. for the unit kitchens. The amount budgeted for this project is \$22,000.

Ms. Kilpatrick will follow up on the 50% down payment in the amount of \$486.48 made to Advantage Fitness Products and expected delivery date.

The Board requested a quarterly general ledger to be provided with the financials.

Accounts Receivable Update

DELINQUENCY REPORT

SUMMARY OF ACCOUNTS

	# of Accounts	Outstanding Balance
Lien Action	19	\$35,678.78
Foreclosure Action	0	
Other Legal Action	2	\$ 6,046.46
Association Owned Weeks	28	\$181,812.39
Total	49	\$223,537.63

The collection rate on the maintenance fees and special assessment was 96.3% as of September 30.

Lunch break 1:00 p.m. – 2:20 p.m.

Judy Sales Update

2006 Sales

Number of weeks sold	50
Dollar volume	\$567,000

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Average price \$11,340

2007 Sales YTD

Number of weeks sold 50
Dollar volume \$553,580
Average price \$11,072

Number of weeks currently listed 208
Volume \$2,459,000
Listing price range \$8,000 - \$35,000

The Association owned weeks will be offered at a closed bid sale. Management suggested including an HGVClub membership with the sale of an Association owned week. The cost of club membership is \$199. The special offer mailing can be included in the newsletter.

Investment Update/Bank Loan

The Board agreed to remain with Wachovia.

Audit Engagement Letter

Myers, Brettholtz and Company has increased their fees due to Sarbanes Oxley legislation standards currently affecting how public companies are audited. The increase was \$920 from \$5,280 to \$6,200.

The President will sign the audit engagement letter after further reviewing the proposal during the teleconference meeting to be scheduled in November.

June-August Financials

The Board requested the cost of printing and copier lease be broken down on individual line items.

The Board would like a break down of:

- Owner mailings
- Office equipment
- Printing
- Postage

Meeting recessed at 4:30 p.m. on Thursday, October 18

Reconvened at 10:00 a.m. on Friday, October 19

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Mrs. Grzywna stated that HGVC has recently done a salary study to bring our employees up to the hospitality standards. We are currently training our assistant resort managers to be prepared to move up to resort managers in the future.

2008 BUDGET

The Board reviewed the operating and reserve budget.

The Board asked Ms. Kilpatrick to look into additional recreation options and report at the January meeting.

In order to comply with the current code for night swimming Surf Club overhead lighting shall provide a minimum of three foot candles of illumination at the pool water surface and the pool wet deck surface. Underwater lighting shall be a minimum of one-half watt per square foot of pool water surface area. Condee Cooling and Electric, Inc. presented a proposal in the amount of \$15,750. Chris will obtain additional proposals for electrical work to be presented at the November meeting.

Lunch break 1:20 p.m. – 2:05 p.m.

The Board requested that management provide proposals for a reserve study.

MOTION was made by Mr. Turk and seconded by Mr. McCluskey to accept the 2008 budget at \$854.14 per unit week. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. **Motion carried unanimously.**

Operating budget - \$707.55

Reserve Budget - \$146.59 (capital reserves \$132.97 and painting reserve \$13.62)

Increase over 2007 budget of \$55.24 or 6.91%

ON-SITE OPERATIONS REPORT

The Board reviewed the following reports.

Salt Scores

RCI Scores

MOTION was made by Mr. Turk and seconded by Mr. McCluskey in recognition of high RCI scores the Surf Club adopt a policy of providing beach towels in the units and mid-week linen exchange and request that the Gold Crown status be returned to Surf Club. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. **Motion carried unanimously.**

Owner Meetings

Property Maintenance Report

In-Room Comment Cards/Owner Suggestions

Property Insurance

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ARDA ROC

Ms. Kilpatrick asked the Board to vote to continue a voluntary \$3.00 contribution to ARDA/ROC with the maintenance fee billing. **MOTION was made by Mr. McCluskey and seconded by Mr. Turk to continue to add the voluntary \$3.00 contribution to ARDA/ROC with the maintenance fee billing.** Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. **Motion carried unanimously.**

BALLOT

Ms. Myers stated that we do not have a tally of the votes on the 5 member board/by-law revision from Attorney Morris office today. In order for the revision to pass we need 1,486 votes. The resort is reminding owners to vote at check in.

MEETING DATES

No meeting dates set at this time.

BOARD APPOINTMENTS

Mr. Turk – Investment Liaison

Mr. McCluskey – Maintenance Liaison

Ms. Myers – Legislative Liaison

CREDIT CARD PAYMENTS

MOTION was made by Mr. McCluskey and seconded by Mr. Turk to exclude the bubble on the maintenance fee statement. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. **Motion carried unanimously.**

ADJOURNMENT

MOTION was made by Mr. McCluskey and seconded by Mr. Turk to adjourn the meeting. Ms. Myers voted aye, Mr. McCluskey voted aye and Mr. Turk voted aye. **Motion carried unanimously.**

Meeting adjourned at 4:20 p.m.