

Approved March 13, 2008

**THE CHARTER CLUB OF MARCO BEACH®
CONDOMINIUM ASSOCIATION, INC.
ANNUAL MEETING
WEDNESDAY, APRIL 4, 2007**

The meeting was called to order at 10:30 a.m. by President, R. Lyman Wood in the Clubhouse at The Charter Club of Marco Beach. Board members in attendance were: Noel Briggs, Gary Jacobson, John Konarski, Jim MacArthur and Lyman Wood. Attending from Hilton Grand Vacations Company (HGVC) were: Matt Fox – Resort Manager, Scott Shook – Assistant Resort Manager, Ada Grzywna – Regional Director Resort Operations, Lael Kilpatrick – Regional Manager Resort Operations and Riki Martin – Administrative Assistant and Acting Recording Secretary for this meeting. Also in attendance Steve Brettholtz and Michael J. Belle.

APPROVAL OF PREVIOUS MINUTES

The minutes of the 2006 Annual meeting were sent to the owners. A copy was included in the agenda packet distributed to owners in attendance. Mr. Wood asked if there were any corrections to the minutes. **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- PROJECTS COMPLETED IN 2006

- Replaced water fountain at tennis courts
- Installed bocce ball court
- Resurfaced tennis courts, including installation of a fiberglass membrane to diminish spider cracks on the surface
- Installed new fence around tennis courts
- Repaired tennis lights
- Added pool landscape lighting
- Painted all doors
- Extensive landscaping replacement
- Replaced water mains under buildings that were broken
- All five of the shingled roofs were replaced with 150 m.p.h. shingles
- Used parts of two damaged sailboats to make one good sailboat and ordered one new sailboat to get fleet back to pre-hurricane size
- Rebuilt sail boxes and sail box stands on the beach
- Replaced broken wind monitoring system that was broken during the hurricane
- Grill area roll down doors were replaced, grill area painted
- Nine damaged balconies that sustained severe hurricane damage were resurfaced
- Damaged parking lot signs and lights were replaced
- All of the units were refurbished with carpet, paint and fabrics on the beds, cushion, valances and throw pillows
- Added curved shower rods

- Added new locks throughout the property
- Kitchen drawer knobs were replaced
- Thermostats were replaced with the new system
- Rebuilt vacuum packs on the pools
- Added new pool signs
- Painted reflecting pool
- Added spa safety equipment
- Added DVD players to units
- Added new umbrellas to pool area
- Added new, deeper pool ladder
- Added Smokers Outposts
- Dining room tables and chandeliers were replaced
- Guest bedrooms were completely redecorated
- Facilitated insurance settlement issues for owners who were affected by Hurricane Wilma
- Hurricane door/window project has been completed
- Replaced damaged stairwell doors in both residence buildings
- Repaired damaged balcony railing
- Building towers have been “up-lighted”
- Cable has been run and televisions have been added to guest bedrooms
- New balcony lights
- Recarpeted and painted fitness center
- Painted clubhouse
- Created new guest services directory for units
- Created new Owner’s Directory
- Painted housekeeping room
- Replaced garbage dumpster shelter
- Organized and updated Swap List
- Added commercial ice machine under south building
- Training for all staff members

FINANCIAL REPORT

The financial records have been audited by the CPA firm Myers, Brettholtz and Company, PA of Ft. Myers. Mr. Brettholtz stated in their opinion, the financial statements present fairly, in all material respects, the financial position of the Charter Club of Marco Beach Condominium Association, 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. A copy of the report will be available to any owner who may request a copy from the Resort Manager or online.

RESALE REPORT

In 2006 there were 59 weeks sold for a total volume of \$662,700.

Including in this figure are 4 flex weeks that were foreclosed on by The Charter Club of Marco Beach Association and sold for a volume of \$28,000.

To date in 2007 there were 35 weeks sold for a total volume of \$594,300.

Included in this figure are 6 weeks that were foreclosed on by The Charter Club of Marco Beach Association and sold for a volume of \$39,000.

RENTAL REPORT – 2006

	2006	2005	2004
Nights Available	1316	1531	1445
Nights Rented	813	1061	1097
Occupancy	61.8%	69.3%	75.9%
Gross Revenue	\$240,600	\$308,702	\$324,341
Average Rate	\$295.94	\$290.95	\$295.66
Weeks Available for Rent	194	200	222
Weeks with Rental Activity	137	169	169
% with Rental Activity	70.6%	84.5%	76.1%
Weeks Renting 4 or more Nights	117	158	151
% getting 4 or more nights	85.4%	93.5%	89.3%

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. The one statistic that does stand out, however, is the average rate of \$295.94 which is the highest average daily rate of any of the HGVC-managed resorts.

INSURANCE REPORT

The Association is insured under an 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.

Michael J. Belle

Mr. Belle stated that The Charter Club of Marco Beach has the lowest delinquency rate of all Marco properties managed by Hilton Grand Vacations. Currently he has only four active files which will be settled by July and no other litigation is pending.

Mr. Belle will be sending out delinquency notices on May 4 to any owner who has not paid their maintenance fee.

BOARD OF DIRECTORS REPORT

Mr. Wood introduced Ada Grzywna – Regional Director Resort Operation.

The Board went out to bid on the management contract three years ago and chose to stay with Hilton Grand Vacations.

The staff is very strong and the Board feels very comfortable with the manager and department heads.

If an owner has issues send a letter to the Board and they will respond.

NEW BUSINESS

Questions from the Floor

An owner asked whether insurance covered all of our cost with the hurricane. There were some areas where insurance receipt exceeded our cost and other areas that insurance did not fully cover. In total we received a couple of hundred thousand less than we had to spend to restore the property to its present state.

An owner asked about the legalities of 2021. Mr. Belle has provided a summary to be available upon request to any owner.

Why did the maintenance fee increase instead of a special assessment? The Board has heard from owners that they prefer to avoid special assessments when ever possible.

Did the Board look at other management companies such as Marriott? We did look at other companies and decided to stay with Hilton.

An owner asked if we could ask smokers to smoke on the balcony. Mr. Wood stated we will be discussing this very issue with Michael Belle later today.

Will there be public access through the Marriott property? Marriott will have to build a public access and it will be located between the Hilton hotel and the Marriott timeshare property.

What is the status of the fish? We have tried everything for the past five years and they are no longer. Fountains will be added to the pond area.

An owner has a concern with children in the Jacuzzi. Mr. Wood stated that Florida does not allow us to enforce minimum age limit in the Jacuzzi.

OLD BUSINESS

There was no old business to discuss.

NEW BUSINESS

MOTION was made and seconded to approve the 2007 budget. All voted in favor.
Motion carried.

- **Waiver of Statutory Funding of Reserves**

There were 1,143 votes to waive the statutory funding of reserves and 33 votes not to waive the statutory funding of reserves. Therefore the reserve funding will remain at the level approved in the 2007 Capital Reserve Budget.

- **Tellers Report**

There were 1,779 unit weeks represented, both in person and by proxy, out of a possible 4,080 weeks, which represents 43 % owner response.

- **Election**

There were 9 candidates seeking election to fill the three seats available on the Board of Directors. The candidates receiving the highest number of votes were R. Lyman Wood, John Konarski and Lee Huston who were each elected to serve a two-year term.

Gary Jacobson was not re-elected as a Director. Mr. Jacobson thanked the owners for allowing him to be a part of the Board for the past 12 years. He feels they accomplished a lot together.

ADJOURNMENT

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

Meeting adjourned 11:30 a.m.