

Approved 1-25-2008

**THE CHARTER CLUB OF MARCO BEACH®
BOARD OF DIRECTORS BUDGET MEETING
OCTOBER 30 & 31, 2007**

The meeting was called to order at 8:30 a.m. by President R. Lyman Wood at the Hilton Grand Vacations Regional Office, Marco Island, Florida. Board members in attendance were: Noel Briggs, Lee Huston, John Konarski, Jim MacArthur, R. Lyman Wood and Board Consultant Gary Jacobson. Attending from Hilton Grand Vacations (HGV) were: Randy Piatt – Senior Director Resort Operations, Ada Grzywina – Regional Director Resort Operations, Lael Kilpatrick – Regional Manager Resort Operations, Matt Fox – Resort Manager, Scott Shook – Assistant Resort Manager and Riki Martin – Administrative Assistant and Acting Recording Secretary for this meeting.

APPROVAL OF AGENDA

MOTION was made by Mr. Konarski and seconded by Mr. Huston to approve the agenda as presented. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

APPROVAL OF PREVIOUS MINUTES

MOTION was made by Mr. Konarski and seconded by Mr. Huston to approve the minutes of the September 21, 2007 teleconference meeting. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

MOTION was made by Mr. Konarski and seconded by Mr. Huston to approve the minutes of the April 3, 2007 board meeting as amended. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

RENTAL REPORT

	2007	2006	2005
Nights Available	1232	1074	1418
Nights Rented	893	687	1058
Occupancy	72.5%	64.0%	74.6%
Gross Revenue	\$275,597	\$211,192	\$307,963
Average Rate	\$308.62	\$307.41	\$291.08
Weeks Accepted for Rental	176	163	197
Weeks with Rental Activity	128	116	168
% with Rental Activity	72.7%	71.2%	85.3%
Weeks renting 4 or more nights	124	102	151
% occupied 4 or more nights	96.9%	87.9%	89.9%

COMERICA

MOTION was made by Mr. MacArthur and seconded by Mr. Konarski to ask management to review the funds available for investing at a higher yield. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

RESALES REPORT

Mrs. Shook reported that in 2007 there have been 82 weeks sold for a total of \$935,700

Of that volume 37 weeks were fixed and 45 were flex.

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

Included in the figure for this year Ms. Shook has sold 7 weeks for the association. Three were sold for \$6,500 and four were sold for \$7,100 for a total of \$47,900. The Association purchased one week for \$3,000.

Nine flex weeks are currently listed for the association. 308/29, 908/27-28-29, 104/19, 102/32, 204/35, 407/30, 907/27

Rental of the sales office at 3.5% total sales YTD of \$32,749.

Mrs. Shook asked the Board to consider funding interior and exterior improvements to the sales office. The Board asked Hilton operating management to review and submit recommended improvements to the Board along with all other property needs.

DELINQUENCY REPORT

Summary of Accounts September 2007

	# of Accounts	Outstanding Balance
Lien Action	0	
Foreclosure Action	13	\$18,272.38
Other Legal Action	1	\$ 3,386.79
Association Owned Weeks	10	\$35,598.30
Total	24	\$57,257.47

MANAGERS UPDATE

Staff Update

All positions are filled except one part time recreation person. Ed Sigo from maintenance department is now working a 3 – 11:00 p.m. shift which makes him available for after hour's maintenance calls. That is working out very well.

John at the front desk will be working less hours because his wages exceed Social Security limitations.

Marriott Agreement Update

The Board reviewed the items presented to Marriott's Crystal Shore Resort Development.

- Unlimited pool use when The Charter Club of Marco Beach pool is closed.
- Use of restaurant and pool bar services
- Right to approve design and maintenance on The Charter Club of Marco Beach's side of the new fire engine gate
- \$13,500 payment toward entrance and exit gates to The Charter Club of Marco Beach property from Collier Blvd
- Controlled access pedestrian gate to allow easier access to Marriott facilities.

Mr. Fox stated that the Marriott's Crystal Shore Resort Development has agreed to the proposals presented, with the exception of the walk thru access to the property.

MOTION was made by Mr. MacArthur and seconded by Mr. Huston to continue the Marriott negotiations with the addition of pedestrian gate access. If Marriott approves the gate access Mr. Fox has the authority to sign the contract. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

Financial Review – Variance

The Board reviewed the variance report

Hilton Grand Vacations has converted to a new system for vacation/holidays/sick days, called Paid Time Off (PTO). The old salary lines have been broken out into salaries/benefits, health insurance and PTO expense.

Project List

The Board was concerned that the current proposal for kitchen refurbishing did not include removal of the kitchen wall. This item will be discussed at the meeting tomorrow.

The Board suggested hiring an independent engineering company to evaluate the elevator repairs. Mr. Piatt stated HGV can recommend an independent company that specializes in this service. He will contact them to present a proposal for The Charter Club of Marco Beach. **MOTION was made by Mr. MacArthur and seconded by Mr. Huston to hire an independent consultant to study the elevator system and recommend**

repairs. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

The air handler project has been completed. Maintenance is aware of a whistling noise and will make the necessary repairs.

MOTION was made by Mr. MacArthur and seconded by Mr. Huston to replace night stand lamps in guest bedroom not to exceed \$35.00 per lamp using the funds set aside for ice bucket at \$30.00 plus \$5.00 additional monies. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

Design Studio Boca, LLC

Joe Gordon presented a proposal that encompassed complete refurbishment of the landscaping, pool, pond and improvements to The Charter Club of Marco Beach overall site. Total proposal cost is \$3,592,000. Discussion and review of the mailed and distributed items followed. No action was taken at this time.

Project List Review

The Board reviewed the project list with discussion on the following items.

Lighting Project

Clubhouse and sales office renovations and doors

New Phone System

Internet

Elevators

Review of Owners Correspondence

The Board reviewed the owner's correspondence.

Comment Card and RCI Report

The Board reviewed the comment card and RCI reports.

PRESENTATION OF PROPOSED 2008 OPERATING BUDGET

Variance Report 2007- 2008

The Board reviewed the variance report.

Myers, Brettholtz & Company Audit Engagement Letter

MOTION was made by Mr. MacArthur and seconded by Mr. Konarski to authorize the President to sign the audit engagement letter presented by Myers, Brettholtz and Company. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

Maintenance Fee History

The Board reviewed the maintenance fee history and operating and reserve budget for 2008. After considerable discussion and review of each operating budget line item and all proposed reserve expenditures for the next three years and re-allocation of reserve balances a **MOTION was made by Mr. MacArthur and seconded by Mr. Konarski to approve the 2008 maintenance fee weeks 1 – 51 at \$788.95 and week 52 at \$908.74.** Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

Phone System

The Board discussed the existing phone system. **MOTION was made by Mr. Huston and seconded by Mr. Briggs to allow Hilton Grand Vacations IT specialist to look at the existing phone system and if not satisfied with their response to authorize Management to hire an independent engineer to evaluate the existing phone system to include future technology.** Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

Flex Fees

MOTION was made by Mr. Konarski and seconded by Mr. MacArthur to increase the flex reservation fee to \$20.00. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

WAIVER OF STATUTORY FUNDING OF RESERVES

The budget adopted was based on the owners approving the waiver of statutory funding of reserves. **MOTION was made by Mr. Huston and seconded by Mr. MacArthur to approve the waiver of statutory funding of reserves and recommend that the owners approve the waiver at the Annual meeting.** Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

CREDIT CARD PAYMENTS/NSF FEES

MOTION was made by Mr. MacArthur and seconded by Mr. Konarski to exclude the bubble on the maintenance fee statement. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

Mr. Piatt stated that in the past The Charter Club of Marco Beach has not promoted the use of credit cards but have allowed the payment by credit card. That is a manual process that cost money. In 2009 that option will not be available. You will either not allow credit cards at all or you will allow credit cards and it will be printed on the statement.

MOTION was made by Mr. MacArthur and seconded by Mr. Huston to approve \$35 for Non Sufficient Fees. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski

voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

ARDA ROC-PAC MEMBERSHIP

Ms. Kilpatrick asked the Board to allow HGV to solicit a voluntary \$3.00 contribution to RDA this year on the maintenance fee billing. She asked that the Association become a member of ARDA/ROC/PAC. There is a \$100.00 membership fee for the PAC. **MOTION was made by Mr. Konarski and seconded by Mr. MacArthur to allow HGV to include a request for a voluntary \$3.00 per week contribution to ARDA/ROC/PAC on the maintenance fee statements and authorize that the \$3.00 per week voluntary contribution be allocated, \$2.00 to ARDA/ROC and \$1.00 to ARDA/ROC/PAC. The Association will pay \$100.00 to be a member of the PAC.** Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

OTHER BUSINESS

Increase of Association Weeks Sales Price

The Board was in agreement to defer the discussion on increasing the Association week sales price to the March 2008 meeting.

Rules

The Board asked the staff to be more diligent in enforcing the rules. Also to make sure the security guard is logging into the log book when he has asked owner/guest to stop diving in the pool.

Stray Cats

MOTION made by Mr. Briggs and seconded by Mr. Konarski to the reduce the number of stray cats on the property to four cats as stated in the previous motion. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted no. **Motion carried.**

Meeting recessed on Tuesday, October 30 @ 6:15 p.m.

Reconvened Wednesday, October 31 @ 1:00 p.m.

The Board and Management discussed the interior upgrades to the sales center. Hilton management will advise the Board in January 2008 of an appropriate division of cost between association and the resale division.

There was discussion on doing something more substantial than a through cleaning to the under carriage of the North and South towers. A complete presentation on this issue was discussed at the March 2007 meeting including detailed schedules, bids, etc. The Board would like for Mr. Huston to present a complete proposal for the under carriage at the March 2008 board meeting.

Name Tags

MOTION was made by Mr. MacArthur and seconded by Mr. Konarski the name tags purchased for HGV employees to read The Charter Club of Marco Beach®. Mr. Briggs voted aye, Mr. Huston no, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried.**

Mr. Piatt (HGVC) remonstrated vehemently indicating that the Chairman and Board of Charter Club were non-cooperative and had a grudge against Hilton Management, (24 hours earlier he had praised the Chairman and Board of having a clear and constructive understanding of budgeting). He then stated that he would not change the name tags to read The Charter Club of Marco Beach. Mr. Wood asked for a letter stating that Hilton Grand Vacations will not change the name tags.

FUTURE BOARD MEETING DATES

Teleconference Meeting December 21 @ 8:30 a.m.
Budget Meeting October 28 & 29, 2008 @ 8:30 a.m.

ADJOURNMENT

MOTION was made by Mr. MacArthur and seconded by Mr. Konarski to adjourn the meeting. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

Meeting adjourned at 4:40 p.m.