



November 2007

Dear Tortuga Beach Club Owner,

Greetings from beautiful Sanibel Island! Mother Nature was kind to us once again this year, giving us a relatively quiet hurricane season. All of us hope this trend continues.

It's been a busy year at the resort as we continue to make improvements to your property while striving to deliver attentive service to Owners and guests. As the property gets older, we are finding new challenges related to maintenance, although we're committed to successfully operating your resort and making enhancements. This year, your Board of Directors and management have worked on several important projects and have installed many new furnishings and amenities, including:

- Replacement of living room furniture in all seven buildings (to be completed by the end of 2007)
- Replacement of condensing units on the air-conditioning systems for buildings A, B and C
- Installation of new dining room windows in all buildings
- Installation of new sliding glass doors in the living rooms of buildings A and G
- Replacement of stoves in buildings D, E, F and G
- Replacement of mattress and box-spring sets for the master bedrooms in buildings F and G
- Replacement of the pool and spa heaters
- Refurbishment of the pool furniture

Jim Burner, Vice President of your Board of Directors, is still negotiating a new golf contract for the association. Results of the final negotiations will be communicated to you in our end-of-the-year newsletter. At this time, we are hopeful we will continue our relationship with the Dunes Country Club.

The Board of Directors is happy to report that results of the Owner survey are 4 to 1 in favor of a special assessment to install the pavers – and the news keeps getting better. As a result of our competitive bidding process, the successful bid is lower than the original estimate from our consulting engineer, which was used as the basis for the \$100 special assessment. That means we are able to apply the balance of the \$100 assessment toward the acceleration of the much-needed bathroom renovations in buildings A, B, C in 2008 and buildings D, E, F and G in 2009, while minimizing the impact on the maintenance fees in 2008 and beyond. In summary, \$57 of the \$100 special assessment will be used for installation of the pavers, and the remaining \$43 will be used – along with interim reserve funds – for accelerating the bathroom renovation.

Aside from the improvements described above, we're also pleased to announce that the following much-needed projects are planned for completion in 2008:

- New living room TVs in all units
- New box springs and mattresses in the master bedrooms of buildings A, B, C, D and E
- New washers and dryers in buildings A, B, C, D and E
- New dishwashers in buildings A, B and C
- New master bedroom windows in the lower outside units of buildings A through E
- New guest bedroom windows in the upper units of all buildings
- New sliding glass doors in the living rooms of building B
- New exterior gutters and downspouts all buildings
- Skylight renovations (one building per year)

As good as this year was, 2008 promises to be even better. We look forward to serving you and creating special vacation memories for you, your family and friends each and every time you visit.

### **2008 Maintenance Billing**

Enclosed is the statement for your 2008 maintenance fees, real estate taxes and special assessment. The maintenance fee portion of the statement funds the upkeep of your resort, enabling your association to maintain your property as well as make improvements. Please know that your Board of Directors and Hilton Grand Vacations worked carefully to establish the 2008 budget for your association, addressing important needs for maintaining and enhancing your property while keeping in mind the need to manage increases to your annual maintenance fee.

**Your prompt payment of this bill – due by January 1, 2008 – is appreciated.** Payment on or before that date will ensure sufficient flow of funds to support ongoing operations at your resort.

### **Board of Directors**

I would like to take this opportunity to thank your Board of Directors – John Hanson-President, Jim Burner-Vice President, Bob Buechel-Secretary/Treasurer, Bonnie Dehn and Beryl Munson – for the notable dedication they have given on behalf of the association. At the 2008 Annual Owners Meeting, two candidates will be elected to the Board of Directors. If you are interested in pursuing candidacy, please complete the enclosed Board of Directors Candidate Form and return it by January 25, 2008.

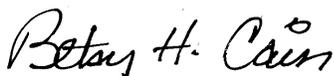
### **ARDA – Timeshare's First Line of Defense**

As the vacation ownership industry's trade association, the American Resort Development Association (ARDA) promotes a "timeshare-friendly" legislative agenda at the local, state and federal levels. On behalf of ARDA's Resort Owners Coalition/Political Action Committee (ARDA ROC/PAC), we would like to thank those who have supported these efforts by making a voluntary \$3 annual contribution to ARDA.

ARDA has been successful at protecting timeshare Owners from excess federal taxes (on prepaid assessments, surplus assessments and capital reserve funds) as well as from excess resort-use taxes. ARDA has also been instrumental in preserving the second home exemption for timeshare Owners. Your Board of Directors has made the decision to include a contribution to ARDA ROC/PAC on your billing statement and encourages you again to make this voluntary contribution of \$3 when paying your 2008 assessment. Of your voluntary contribution, \$2 will go to the ARDA ROC/PAC fund and \$1 will support ARDA ROC. To learn more about ARDA, visit [www.arda.org](http://www.arda.org).

If you have any questions, please feel free to contact me at (239) 472-0400 or email me at [bcain@hgvc.com](mailto:bcain@hgvc.com). On behalf of the entire staff of Tortuga Beach Club, we look forward to welcoming you back to the familiar comfort of your home away from home.

Warmest regards,



Betsy H. Cain  
Resort Manager

**Vacation Reminder – Just a reminder that week one (1) begins on January 4, 2008.  
Please check your vacation calendar to verify the dates for your week(s) of ownership  
to ensure travel reservations are made for the correct dates.**

**TORTUGA BEACH CLUB CONDOMINIUM ASSOCIATION, INC.**  
**ANNUAL BUDGET FOR THE PERIOD**  
**JANUARY 1, 2008 THROUGH DECEMBER 31, 2008**

Description	2700 unit/weeks	2008 Annual Budget	2008 Per Unit/ Week	2007 Per Unit/ Week	2007 Annual Budget	2007 Proj. Actuals For Year
<b>REVENUE</b>						
Association Fees		1,928,009	714.08	699.95	1,889,855	1,889,855
Late Fee Income		2,950	1.09	1.00	2,700	10,677
Interest Income		18,000	6.67	9.26	25,000	18,000
Dividend Income		20,000	7.40	0.00	0	20,000
Long Distance		0	0.00	0.00	0	0
Store Rent Income		0	0.00	0.00	0	0
Sales Rent Income		0	0.00	0.00	0	0
Vending Income		0	0.00	0.00	0	0
Concession Income		0	0.00	0.00	0	0
Week 53 Income		0	0.00	0.00	0	0
Rental Revenue		0	0.00	0.00	0	0
Flex Reservation Fees		0	0.00	0.00	0	0
Exchange Revenue		0	0.00	0.00	0	0
Movie Income		1,772	0.66	0.65	1,772	1,787
Boat Income		0	0.00	0.00	0	0
Other Revenue		0	0.00	0.00	0	0
<b>TOTAL OPERATING REVENUE</b>		<b>1,970,731</b>	<b>729.90</b>	<b>710.86</b>	<b>1,919,327</b>	<b>1,940,318</b>
<b>ADMINISTRATIVE</b>						
Annual Audit		6,200	2.30	2.02	5,460	6,200
Bad Debt Expense		0	0.00	0.00	0	8
Other Administrative Expenses		55,770	20.66	19.17	51,736	51,773
Postage, Printing, Newsletter		23,200	8.59	9.74	26,290	24,975
Management Fees		103,653	38.39	37.45	101,115	101,115
Division Fees		5,400	2.00	2.00	5,400	5,400
Financial Services Fees		28,350	10.50	10.50	28,350	28,353
Board Reimbursement		14,000	5.19	4.44	12,000	13,867
<b>Total</b>		<b>236,573</b>	<b>87.63</b>	<b>85.32</b>	<b>230,351</b>	<b>231,691</b>
<b>OPERATING EXPENSE</b>						
Office, Desk		205,598	76.15	77.11	208,205	192,561
Housekeeping, Laundry, Supplies		327,295	121.22	114.63	309,490	308,750
Dunes Membership		224,922	83.30	80.88	218,371	218,373
Security Provisions		53,048	19.65	19.07	51,500	49,448
Grounds & Landscaping		100,880	37.36	38.12	102,930	97,396
Pool & Spa		10,350	3.83	3.83	10,350	20,200
Recreation		35,521	13.16	14.41	38,900	31,470
<b>Total</b>		<b>957,614</b>	<b>354.67</b>	<b>348.05</b>	<b>939,746</b>	<b>918,199</b>
<b>UTILITIES</b>						
Electric		85,400	31.63	32.52	87,796	83,102
Water, Sewer, Gas		93,152	34.51	36.56	98,704	88,891
Waste Disposal		21,828	8.08	6.67	18,000	20,784
Telephone		19,692	7.29	8.13	21,960	20,627
Cable Television		31,802	11.78	11.15	30,100	29,956
<b>Total</b>		<b>251,874</b>	<b>93.29</b>	<b>95.03</b>	<b>256,560</b>	<b>243,360</b>
<b>BUILDING</b>						
Maintenance - Service, Equipment, Supplies		237,414	87.93	86.53	233,631	240,135
Building & Equipment Contracts		16,776	6.21	5.61	15,156	15,145
Elevator Contracts		1,620	0.60	0.56	1,512	2,010
<b>Total</b>		<b>255,810</b>	<b>94.74</b>	<b>92.70</b>	<b>250,299</b>	<b>257,290</b>
<b>INSURANCE &amp; TAXES</b>						
General Insurance		266,160	98.57	87.66	236,686	248,130
Income Tax		14,000	5.19	4.09	11,048	14,000
Taxes Upon Timeshare Property (Ad Valorem Taxes)		n/a	n/a	n/a	n/a	n/a
Taxes Upon Leased Areas		n/a	n/a	n/a	n/a	n/a
<b>Total</b>		<b>280,160</b>	<b>103.76</b>	<b>91.75</b>	<b>247,734</b>	<b>262,130</b>
<b>SALE OF ASSOCIATION WEEKS</b>						
Sale of Association Weeks		19,000	7.04	4.63	12,500	29,935
Cost of Sales		(7,700)	(2.85)	(2.64)	(7,137)	(8,427)
<b>Total</b>		<b>11,300</b>	<b>4.19</b>	<b>1.99</b>	<b>5,363</b>	<b>21,507</b>
<b>TOTAL OPERATING EXPENSES TOTAL</b>		<b>1,970,731</b>	<b>729.90</b>	<b>710.86</b>	<b>1,919,327</b>	<b>1,891,163</b>
<b>OPER. PROFIT/(LOSS)</b>		<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>49,156</b>

Ad Valorem Taxes on individual weeks are billed by the Lee County Property Appraiser's office based on the relative value of the unit week and therefore, are not reflected in the above operating budget.

**TORTUGA BEACH CLUB CONDOMINIUM ASSOCIATION, INC.**  
**ANNUAL BUDGET FOR THE PERIOD**  
**JANUARY 1, 2008 THROUGH DECEMBER 31, 2008**

	Statutory Reserve Funding					With Owner Waiver of Statutory Reserve Funding	
	2008 Annual Budget	2008 Per Unit/ Week	2007 Per Unit/ Week	2007 Annual Budget	2007 Proj. Actuals For Year	2008 Annual Budget	2008 Per Unit/ Week
<b>RESERVE REVENUE</b>	1,309,924	485.15	212.59	574,007	574,007	662,741	245.45
<b>RESERVE EXPENSES</b>							
<b>Capital Reserves:</b>							
Interior	1,121,805	415.47	157.31	424,765	424,765	528,064	195.57
Roof	64,312	23.82	18.34	49,505	49,505	32,684	12.11
Paving	9,536	3.53	3.34	9,010	9,010	8,410	3.11
Recreation	0	0.00	0.00	0	0	0	0.00
Capital Improvements	75,835	28.09	15.37	41,496	41,496	56,318	20.86
Total	1,271,488	470.91	194.36	524,776	524,776	625,476	231.65
<b>Painting Reserve</b>	38,436	14.24	18.23	49,231	49,231	37,265	13.80
Total	38,436	14.24	18.23	49,231	49,231	37,265	13.80
<b>RESERVE EXPENSE TOTAL</b>	1,309,924	485.15	212.59	574,007	574,007	662,741	245.45
<b>RESERVE PROFIT/(LOSS)</b>	0	0.00	0.00	0	0	0	0.00

Summary	Statutory Reserve Funding					With Owner Waiver of Statutory Reserve Funding	
	2008 Annual Budget	2008 Per Unit/ Week	2007 Per Unit/ Week	2007 Annual Budget	2007 Proj. Actuals For Year	2008 Annual Budget	2008 Per Unit/ Week
<b>OPERATING FEE</b>	1,928,009	714.08	699.95	1,889,855	1,889,855	1,928,009	714.08
<b>CAPITAL RESERVE</b>	1,271,488	470.91	194.36	524,776	524,776	625,476	231.65
<b>PAINTING RESERVE</b>	38,436	14.24	18.23	49,231	49,231	37,265	13.80
<b>SPECIAL ASSESSMENT</b>	269,991	100.00	0.00	0	0	269,991	100.00
<b>NET BEFORE CREDITS</b>	3,507,924	1,299.23	912.54	2,463,862	2,463,862	2,860,741	1,059.53
<b>CREDITS</b>							
<b>PAINTING RESERVE REFUND</b>	0	0.00	0.00	0	0	0	0.00
<b>OPER. SURPLUS REFUND</b>	0	0.00	0.00	0	0	0	0.00
<b>TOTAL CREDITS</b>	0	0.00	0.00	0	0	0	0.00
<b>TOTAL AMOUNT BILLED</b>	3,507,924	1,299.23	912.54	2,463,862	2,463,862	2,860,741	1,059.53

**TORTUGA BEACH CLUB CONDOMINIUM ASSOCIATION, INC.**  
**RESERVE ANALYSIS FOR THE PERIOD**  
**JANUARY 1, 2008 THROUGH DECEMBER 31, 2008**

2700 unit/weeks Replacement Fund	Average Estimated Life (in years)	Average Estimated Remaining Life (in years)	Estimated Replacement Cost (54 units)	2008 Statutory Reserve Funding	Estimated Fund Balance As of 1/1/2008	2008 Proposed Reserve/Assmt. Funding	2008 Projected Expenses	Estimated Fund Balance As of 12/31/2008
Interior	9.39	4.32	5,295,443	1,121,805	447,400	528,064	793,860	181,604
Roof	16.21	7.48	529,920	64,312	48,600	32,684	58,500	22,784
Painting	6.00	3.64	223,590	38,436	83,600	37,265	0	120,865
Paving	23.25	19.43	195,500	9,536	10,200	8,410	0	18,610
Recreation	0.00	0.00	0	0	0	0	0	0
Capital Improvements	8.61	4.22	391,948	75,835	72,200	56,318	15,900	112,618
<b>TOTAL</b>			<b>6,636,401</b>	<b>1,309,924</b>	<b>662,000</b>	<b>662,741</b>	<b>868,260</b>	<b>456,481</b>

	2008 Statutory Reserve Funding	2008 Proposed Reserve Funding
Operating Fee	\$714.08	\$714.08
Capital Reserve	\$470.91	\$231.65
Painting Reserve	\$14.24	\$13.80
Special Assessment	\$100.00	\$100.00
Total Amount Billed	\$1,299.23	\$1,059.53
Painting Reserve Refund	\$0.00	\$0.00
Operating Surplus Refund	\$0.00	\$0.00
<b>TOTAL AMOUNT BILLED</b>	<b>\$1,299.23</b>	<b>\$1,059.53</b>

\*\* The State of Florida mandates that condominium associations prepare calculations to fully fund reserves. The Law also provides the reserve requirement may be waived or reduced, allowing the unit owners to put less money into the reserve accounts. To meet fully funded requirements for Statutory Reserves, the resulting annual maintenance fee would be \$1,299.23. The Board of Directors recommended a vote in favor of waiving the full funding requirements for Statutory Reserves at the 2007 annual meeting, thereby establishing the maintenance fee at \$1,059.53 for the 2008 budget year.

**NOTE:**

There may be some items that may require future replacement and are not reserved for, i.e.: replacement of plumbing, railings, electrical wiring, etcetera. These types of items will need to be paid from operating funds or will require a special assessment.

The components' actual replacement costs and useful lives may vary from the estimated amounts. If additional funds are needed, the Association has the right, subject to Board approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

There are 2700 periods of 7-day annual use availability that exist within the timeshare plan for which annual fees are required to be paid to the Division of Florida Land Sales, Condominiums and Mobile Homes, Bureau of Timeshare, in accordance with Section 721.27, Florida Statutes.