

THE CHARTER CLUB OF MARCO BEACH®
BOARD OF DIRECTORS MEETING
March 22 & 23, 2011

The meeting was called to order at 9:00 a.m. by President Lyman Wood at Hilton Grand Vacations Regional Office, Marco Island, Florida. Board members in attendance at the Regional Office were: Noel Briggs, Lee Huston, John Konarski, Jim MacArthur and Lyman Wood. Attending from Hilton Grand Vacations were: Matt Fox – Resort Manager, Scott Shook – Assistant Resort Manager, Neil Hutchinson – Vice President Association Management Services, Lael Kilpatrick – Regional Director Resort Operations, and Riki Martin – Executive Assistant and Acting Recording Secretary for this meeting. Also in attendance on March 23 were Michael J. Belle, PA and John Lopez of Myers, Brettholtz and Company

APPROVAL OF AGENDA

MOTION was made by Mr. Huston and seconded by Mr. Konarski to approve the agenda. 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 February 4, 2011 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.**

Mr. Fox stated that Eagle's Nest has accepted the proposal offered by Charter Club of \$10 per night for parking. Eagle's Nest will charge the owner/guest through the resort folio.

MANAGER'S REPORT

a. Financials/Collections/Delinquency Report

The Board reviewed the financials.

No delinquency report was available for this meeting.

Mr. Hutchinson discussed the planned enhancement to the Financial Reporting the Board receives throughout the year. The modifications will come in two phases. The first phase is related to the overall structure of the financial statements, the second phase will be focused on enhanced reserve reporting.

Phase I will show an improved configuration of the statement of Revenues and Expenses in the form of an increased structure through the use of departments. (General & Administrative, Housekeeping, Utilities, etc.). All budgets will be re-stated to accommodate the changes.

Phase II will include the addition of a new report for each reserve budget segment in a profit and loss format. We will be able to see the amounts funded by reserve type

(roof, interior, etc.) The amounts budgeted by line item; and variance reporting based on those figures.

The goal is to have all the modifications implemented in time for the fall meetings.

b. Project List & Project Update

Add to project list

1. Boardwalk repairs as needed, evaluate and set up reserves for proper structure
2. Exterior door stairwell replacement/repair
3. Management to evaluate repairs needed for jockey pump location
4. Pool and reflection pool be reviewed for lighting changes

Mr. Hutchinson gave a video presentation of the Charter Club which will be added to the resort website. The Board suggested a better water view and balcony shots overlooking the beach.

c. Owner's Comments

i. February 2011

The Board reviewed the comment cards

ii. Refer to January 2011 book for review of October 2010 Owner Comments that are still open for review

The Board stands behind Managements decision to only allow people to attend the luncheon if they are staying at the resort.

The Board asked management to look at adding hooks in guest bathroom.

Many of the dining tables tops are delaminating so all will be replaced at no cost to the resort.

d. Comment Cards/RCI/Owner Comments

The Board reviewed the comment cards and RCI owner comments

e. Resale Report/Rental Report

Resale Report

2010

Number of Weeks Sold	89
Dollar Volume	\$693,103

Included in the sales volume 8 Association fixed weeks sold for \$41,300

YTD 2011

Number of Weeks Sold	24
Dollar Volume	\$481,600

Included in the sales volume 1 Association fixed week sold for \$10,000

Currently Grand Vacations Realty has 230 weeks listed for sale at The Charter Club of Marco Beach.

Rental Report

	<u>2010</u>	<u>2009</u>
Nights Available	1319	1207
Nights Rented	849	661
Occupancy	64.4%	54.8%
Gross Revenue	\$271,647	\$220,464
Average Rate	\$319.96	\$333.53
Weeks Available for Rental	183	168
Weeks with Rental Activity	126	105
% with Rental Activity	68.8%	62.5%
Weeks Renting 4 or more Nights	120	94
% getting 4 or more Nights	65.4%	89.5%

12:00 p.m. – 1:00 p.m. lunch break

f. Management Contract

The Hilton Grand Vacations (“HGV”) legal department is in the process of implementing an internal process, whereby all HGV property management responsibilities will be transferred to a new HGV entity, Hilton Grand Vacations Management, LLC (“HGVM”).

As this assignment is being done for internal business reasons only, there will be no changes to the current management agreement or impact on the management services provided by HGV and no changes in personnel at the property level. To facilitate the realignment process, the management agreement executed between your owners association and Hilton Grand Vacations Company, LLC (“HGVC”) will be assigned to HGVM.

MOTION was made by Mr. Huston and seconded by MacArthur to accept the realignment process whereas Hilton Grand Vacations Company, LLC (“HGVC”) will be assigned to Hilton Grand Vacations Management, LLC (“HGVM”). Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. Motion carried unanimously.

Management will revise the management contract agreement letter and present to the Board for signature.

OLD BUSINESS

Mr. Fox provided information to replace dishwashers and the unit stackable washer/dryer with separate front loading energy efficient washers and dryers and reconfigure the closet to allow enough room for the new washer/dryer. The cost to make the change is approximately \$10,000 over budget.

NEW BUSINESS

MOTION was made by Mr. MacArthur and seconded by Mr. Konarski to authorize \$2,000 for the installation of IP addressable cameras for property gates. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood vote aye. **Motion carried unanimously.**

MOTION was made by Mr. Huston and seconded by Mr. Briggs to purchase five LED lighting fixtures and poles for the entry/exit areas at a cost of \$4,938.00. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski abstained, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried.**

MOTION was made by Mr. MacArthur and seconded by Mr. Konarski to recess the meeting at 2:15 p.m. on March 22. 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 reconvened on Wednesday, March 23 at 9:00 a.m.

The Board made a physical review of the appliances. **MOTION was made by Mr. Huston and seconded by Mr. Konarski to purchase washers, dryers and dishwashers.** Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously**

John Lopez joined the meeting at 9:25 a.m.

A draft of the 2010 audit has been prepared by the CPA firm Myers, Brettholtz and Company, PA of Ft. Myers. Mr. Lopez, reporting for the auditors, 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, 2010, 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. When finalized a copy of the report will be available to any owner who may request a copy from the Resort Manager.

As a recap of the years' activities I offer the following:

Operating cash	\$2,020,128
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Board of Directors of the Association shall take the necessary steps to discontinue the Interval Ownership and the Flexible Use Interval Ownership program at the Condominium, at which time the Board of Directors of the Association and each Owner of a Unit Week in a Unit committed to Interval Ownership and the Flexible Use Interval Ownership shall have the right to take such action as is permitted by this Declaration and the laws of the State of Florida. This shall include, but not be limited to, filing suit in a court of competent jurisdiction in Collier County, Florida for a partition of the Units, if permitted by applicable law”.

FUTURE MEETING DATES

Budget meeting is scheduled for October 25 & 26, 2011 @ 9:00 a.m.

Teleconference meeting is scheduled for May 20, 2011 @ 9:00 a.m.

Annual meeting is scheduled for March 21 & 22, 2012

ADJOURNMENT

MOTION was made by Mr. Huston 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 10:15 a.m.