

**THE CHARTER CLUB OF MARCO BEACH®
BOARD OF DIRECTORS BUDGET MEETING
OCTOBER 25 & 26, 2010**

The meeting was called to order at 8:55 a.m. by President, R. Lyman Wood at Hilton Grand Vacations Regional Office, Marco Island, Florida. Board members in attendance 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, Lael Kilpatrick – Regional Director Resort Operations 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 with the addition of Attorney, Michael J. Belle joining the meeting at 11:00 a.m. via telephone. 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. Huston and seconded by Mr. Konarski to approve the minutes of the teleconference meeting on September 9, 2010 as revised. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

RE-SALES AND FORECLOSURE REPORT

A. Delinquency report/Association Owned Weeks

Delinquency Report
Summary of Accounts
October 2010

	# of Accounts	Outstanding Balance
Lien Action	0	\$
Foreclosure Action	22	\$ 60,764.78
Other Legal Action	2	\$ 2,267.70
Association Owned Weeks	23	\$ 51,197.42
Total	47	\$114,229.90

As of Friday, October 22, 2010 there are 15 Association owned weeks remaining, 9 flex weeks and 6 fixed weeks.

B. Non Judicial Foreclosure

Michael Belle, PA joined the meeting at 11:00 a.m. – 11:30 a.m.

An important and potentially beneficial Florida Statute has recently been passed concerning foreclosures of timeshare properties. Statute 721.855 (*Procedure for the trustee foreclosure of assessment liens*) allows for non-judicial foreclosure of timeshare units, which negates the need to involve a court in related legal proceedings and ultimately simplifies the foreclosure process while decreasing overall expense.

A non-judicial foreclosure proceeding is generally completed within four months – as opposed to six months when proceeding through a court and has the potential of saving the Association approximately five hundred dollars per foreclosure in filing and servicing costs.

In order for an Association to adopt this statute as part of its operations, Hilton Grand Vacations Company recommend that Association's Governing Documents be amended to specifically provide for the use of the trustee foreclosure process. Statute 721.855 provides associations with the recommended language for amending those aspects of their CC&Rs regarding foreclosure, as follows.

If a timeshare owner fails to make timely payments of timeshare plan common expenses, ad valorem taxes, or special assessments, an assessment lien against the timeshare owner's timeshare interest may be foreclosed in accordance with the judicial foreclosure procedure or a trustee foreclosure procedure, either of which may result in the loss of the timeshare owner's timeshare interest. If the managing entity initiates a trustee foreclosure procedure, the timeshare owner shall have the option to object pursuant to Florida law and in such event the managing entity may thereafter proceed only by filing a judicial foreclosure action.

Regardless of the amendment adoption requirements in the Association's Governing Documents, the new law specifically provides that an amendment to the CC&Rs may be adopted by a majority of those present and voting at a duly called meeting of the owner's association at which at least 15 percent of the voting interests are present in person or by proxy. Hilton Grand Vacations Company recommends the Association retain an attorney to facilitate the amendment to the Governing Documents. Attorney Michael Belle handles all lien foreclosures for the South Florida associations and is prepared to handle non-judicial foreclosures. Mr. Belle estimates that it would cost approximately \$1,000 - \$1,500 to facilitate the change to the governing documents.

As the CC&R amendments should be adopted and recorded prior to the use of the trustee foreclosure procedure, Hilton Grand Vacations Company would recommend that the Board consider including this issue on the ballot for the 2011 Annual Meeting Proxy. If approved in the spring, this would allow for the use of the new procedure for delinquent intervals that will be foreclosed during 2011.

MOTION was made by Mr. MacArthur and seconded by Mr. Huston to move forward with non-judicial foreclosures and ask Michael Belle to facilitate the changes to the governing documents. 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. Belle and the Board discussed the non-smoking policy at the resort

MOTION was made by Mr. MacArthur and seconded by Mr. Konarski to locate the smoking area to the park area created by Mr. Fox and to also include the area within 10 feet of the southwest corner of the pool area. Anyone smoking in non-designated area will be given a warning and if continue to smoke a \$100 fine per occurrence. Mr. Briggs voted no, Mr. Huston voted no, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. Motion carried.

The Board will prepare the non smoking policy and send to Michael Belle for review prior to final approval. The non-smoking policy will be added to the check-in packet upon approval.

C. Board Candidate Form 2011

The Board approved the revised 2011 board candidate form.

D. Resale Report

2010 YTD Sales

Number of weeks sold	70
Dollar volume	\$547,653

Included in this total are 23 weeks sold for the Association in the amount of \$74,803

Number of weeks currently listed 200 (approximately 140 weeks are flex weeks)

2009 Sales

Number of weeks sold	92
Dollar volume	\$909,430

E. Insurance

Insurance was down by a net of 7%.

MANAGER UPDATE

A. Staffing Update

Diana Wooten was hired for full time front desk and eventually will work the evening shift; with her employment The Charter Club of Marco Beach is fully staffed.

B. Financial Review

i. Investment Policy

MOTION was made by Mr. MacArthur and seconded by Mr. Briggs to reaffirm the existing investment policy dated November 3, 2009 into the minutes. 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 Board reviewed the September financials.

The Board agreed to look into the possibility of changing from propane gas to natural gas if feasible. Mr. Fox will provide proposals at a future meeting.

Mr. Briggs recommended checking both north and south buildings when the elevator technician is at the resort to check the bearing gear problem and identify why the gears need replacing in both north and south building. He requested that management also be available for the inspection.

Management recommends reversing the allowance for doubtful accounts which will decrease expenses for year end 2010. By no longer contributing to the allowance, the recommendation is to budget for any forecasted net losses that the Association may incur during the next year on any weeks in its possession for resale. The Board did not agree with eliminating the allowance for doubtful accounts. The Board feels it is financially more conservative to continue this reserve item. The auditors have told the Board after the meeting that either method for handling doubtful accounts is acceptable and proper.

The Telephone line item is over budget for 2010. The Telephone Account includes phone charges, repairs, internet charges and management cell phone charges. The internet, when originally installed was at a speed of 3mb. Later, with board approval, the speed was increased to 5mb and the new agreement was signed. Recently, during a repair call, it was noted that both the 3mb and 5mb equipment was still here and functional which prompted Matt to ask Century Link if we were still being billed for both. Charter Club representative, Mike Valdes discovered that Charter Club was in fact being billed for both. The result will be a refund to The Charter Club in an amount that Century Link Auditors are working on determining. The amount will be in excess of several thousand dollars. This will help reverse some or most of the overage in this line item. Going forward, The Charter Club is only being charged for the 5mb system which has resulted in the monthly bill going from approximately \$3200 down to around \$1800.

C. Project List

The Board reviewed the project list.

D. Review of Owner Correspondence

Management will check on the latest ruling on CPR using chest compression.

The Board discussed the issues with the large number of the cats on the property. Options of trapping and removing cats or changing the location of their feeding by the "Love of Cats" organization were considered. **MOTION was made by Mr. Huston and seconded by Mr. Konarski to change the feeding location of the cats to the southeast corner of property instead of trapping and relocating them.** Mr. Briggs abstained, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur abstained and Mr. Wood voted aye. **Motion carried.**

The Board has a concern with the number of raffle tickets given out per unit during the resort parties. Management will change to one raffle ticket per unit.

E. Comment Cards/RCI Scores

The Board reviewed the comment cards and RCI scores.

F. Overview of Proposed 2011 Projects

The Board reviewed the proposed 2011 projects.

MOTION was made by Mr. Huston and seconded by Mr. MacArthur to accept the Crowther Roofing Air Conditioning proposal for the 13 SEER Package. 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 recessed at 4:15 p.m. on Monday, October 25, 2010

Meeting reconvened at 9:00 a.m. on Tuesday, October 26, 2010

The Board authorized Mr. Fox to provide a proposal for property access gates to include the following options:

- Entrance/exit one way
- Two gates with arms at the clubhouse
- Speakers & cameras where appropriate
- Punch card pedestrian walk way between registration and sales offices
- Transponders for fire, police, waste management etc.

The Board was in agreement to authorize management to re-strap or replace balcony furniture as needed.

The Board will review previously presented proposal on renovations to the master/guest bathroom.

PRESENTATION/DISCUSSION OF 2011 OPERATING BUDGET

Extensive review of the proposed budget for operations and reserves was held. Revenue and expense items were discussed item by item with increases and reductions made to several items. The reserve schedule was adjusted for dollar amounts to be spent on reserve line items and extending and shortening the number of years for scheduled items to be completed occurred.

PRESENTATION/DISCUSSION OF 2011 RESERVE BUDGET

A. 3 Year Reserve Forecast

The Board reviewed the 3 year reserve forecast.

BUDGET APPROVAL

MOTION was made by Mr. Huston and seconded by Mr. Konarski to approve the 2011 budget with individual annual maintenance fees of \$886.24 per unit week (\$663.64 Operating Fee, \$194.94 Capital Reserves, which is less than statutorily required, and \$27.66 Painting Reserves). To approve waiving statutory funding of reserves and recommend that the owners vote to waive statutory funding of reserves at the annual meeting, to approve an additional charge of \$75 to each week 52 unit for use of additional days in 2010, commonly called "Week 53", and further, to approve and instruct the Manager to facilitate the mailing of the 2011 annual maintenance fees to the members of the Association. 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 Board discussed the exterior building painting proposals.

MOTION was made by Mr. Huston and seconded by Mr. Konarski to approve the proposal from Gulfstream Painting for exterior painting of the buildings. The Board was in agreement not to include alternate fixed price work and accepted the proposal without a performance bond. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

REAFFIRM EXISTING POLICIES

- **Assessment Billing Resolution**

To reconfirm the Association's billing policy; **MOTION** was made by Mr. Huston and seconded by Mr. MacArthur to approve the Assessment Billing Resolution dated November 2, 2009. 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 Voluntary Contributions**

MOTION was made by Mr. Konarski and seconded by Mr. Huston to reaffirm the policy the Board adopted on November 3, 2009 which allows HGVC to include a \$3 voluntary solicitation for ARDA 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.**

- **Record Posting**

To authorize posting of the association's records and board contract information on the www.hgvc.com/charterclub website, **MOTION was made by Mr. Konarski and seconded by Mr. Huston to approve the Association Records and Board Contact Information Posting Resolution with any revisions.** 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

The Board discussed proceeding with another closed bid sale of Association owned week. Ms. Kilpatrick stated Hilton Grand Vacations Company has hired a consultant who is reviewing resale options. The Board gave Ms. Kilpatrick a deadline of December 1, 2010 to present a management proposal or they will proceed with offering another closed bid sale.

The Board discussed the option of Eagle's Nest Resort owner/guest being allowed to park cars at The Charter Club of Marco Beach when space is available. **MOTION was made by Mr. Briggs and seconded by Mr. MacArthur for management to propose to Eagle's Nest the rental of up to 10 parking spaces at The Charter Club of Marco Beach at a rate of \$2,000 per year.** Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

FUTURE MEETING DATES

December 7, 2010 Teleconference meeting @ 9:00 a.m.
March 22, 2011 Board meeting @ 8:30 a.m.
March 23, 2011 Annual meeting @ 10:30 a.m.
October 24 & 25, 2011 Budget meeting @ 9:00 a.m.

EXECUTIVE SESSION IF NEEDED

No executive session was held.

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 1:25 p.m.