

Draft 4-21-2008

**THE CHARTER CLUB OF MARCO BEACH®
CONDOMINIUM ASSOCIATION, INC.
ANNUAL MEETING
THURSDAY, MARCH 13, 2008**

The meeting was called to order at 10:00 a.m. by President, R. Lyman Wood in the Clubhouse at The Charter Club of Marco Beach. Board members in attendance were: Noel Briggs, Lee Huston, John Konarski, Jim MacArthur, Lyman Wood and Board Consultant – Gary Jacobson. Attending from Hilton Grand Vacations (HGV) 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.

APPROVAL OF PREVIOUS MINUTES

The minutes of the 2007 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 2007 Annual meeting as presented.** All voted in favor. **Motion carried.**

MANAGER'S REPORT

Projects completed in 2007

- Hurricane fire rated unit doors
- Air handlers
- Vent rerouted to outside

Projects to be completed in 2008

- Walkway coating
- Walkway planters to be capped off
- Model unit kitchen to be completed April 6
- Property signage
- Balcony railing replaced
- Elevator modernization
- Internet service being considered for the units

FINANCIAL REPORT

The financial records have been audited 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, 2007, 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.

RESALE REPORT

In 2007 there were 95 weeks sold for \$1,030,500

Included in this figure are 9 weeks that were foreclosed on by The Charter Club of Marco Beach Association and sold for a total sales price of \$62,100

To date in 2008 there have been 11 weeks sold for a total volume of \$144,200

RENTAL REPORT

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Nights Available	1435	1316	1531
Nights Rented	1012	813	1061
Occupancy	70.5%	61/8%	69.3%
Gross Revenue	\$304,513	\$240,600	\$308,702
Average Rate	\$300.90	\$295.94	\$290.95
Weeks Available for Rent	201	194	200
Weeks with Rental Activity	166	137	169
% with Rental Activity	82.6%	70.6%	84.5%
Weeks Renting 4 or more Nights	143	117	158
% getting 4 or more Nights	86.1%	85.4%	93.5%

COMMENTS:

This report is not a true representation 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 \$300.90. This is due primarily because 67% of the total rental nights occur in the February through April period when the rates are the highest.

INSURANCE REPORT

A schedule of insurance was included in the agenda packet. The Association has property insurance under an umbrella policy for Hilton Grand Vacations including all risk perils, flood and windstorm at 100% replacement cost with a \$25,000 primary deductible. The perils of flood and "windstorm" for a named storm (with sustained winds of at least 75 mph within 25 miles of shore) have a deductible of 5% of the property value, but buy-down insurance was purchased to bring it down to \$100,000. The broker is Marsh; 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. Directors and Officer's liability insurance of \$5 million and crime insurance as required by the State are also maintained.

Attorney Michael J. Belle

Synopsis of Proposed 2021 Amendments

The Charter Club of Marco Beach Condominium Association, Inc. is responsible for managing and operating both the fixed interval condominium ownership program and the flexible use interval ownership program. The original interval ownership program was created in 1982 at which time a Declaration of Condominium was recorded providing the framework for the operation and termination of the condominium. The flexible week interval ownership program was subsequently created in 1987 to allow for a new type of ownership and committed certain units to that use. The flexible interval ownership program was also established by a Declaration that specifically addressed the flexible interval use and its operations. The flexible use Declaration does not supersede or replace the Declaration of Condominium. However, there is conflict between the two documents as to termination of the ownership programs.

The original Declaration of Condominium provides for:

- Expiration of the Declaration at some unspecified date in 2021
- Affirmative vote of the unit owners to renew the Declaration
- Renewal period of ten (10) years
- Conversion of ownership interest to tenancy in common upon failure to renew Declaration
- A meeting of owners to determine disposition of units
- A quorum of 51% of owners to hold meeting to determine disposition of units
- Right to seek partition

The Declaration of Covenants, Conditions and Restrictions for Flexible Ownership provides for:

- Termination of the flexible ownership weeks on January 2, 2021
- Automatic renewal of Declaration for successive ten (10) year periods

Should the original Declaration of Condominium not be renewed, the rights and obligations of the flexible week unit owners would be in doubt. To correct this problem the Board of Directors has determined to harmonize the termination provisions of both declarations so they are consistent and provide for:

- Termination on January 2, 2021
- Automatic renewal for successive ten (10) year periods
- Declaration may be terminated prior to expiration upon 2/3s vote of all unit owners prior to expiration of the each ten (10) year period
- Conversion of ownership interest to tenancy in common upon vote to terminate Declaration
- A meeting of owners to determine disposition of units
- A quorum of 25% of owners to hold meeting to determine disposition of units
- Right to seek partition

BOARD OF DIRECTORS REPORT

The fixed 2021 amendment has been passed today with 920 votes. The flex vote has not passed. The meeting will be held open and a second mailing will be sent to the flex owners asking for their vote on the 2021 amendment.

The staff is the best we have ever had. The Directors are trying to balance the approximate 2,600 owners and the dollars that are available to spend. We are working with a building that is 26 years old and more and more repairs need to be done. The planters were not budgeted for and are in need of repair. We are trying to maintain our resort as a B+/A- property.

A survey will be sent to owners to help the Board determine which of the two kitchen options should be installed and how to pay for the more expensive option if selected. The updated model kitchen will be completed on April 6 for the owners to view. A picture of the model kitchen will be available on The Charter Club of Marco Beach website.

NEW BUSINESS

MOTION was made and seconded to approve the 2008 budget. All voted in favor. **Motion carried.**

- **Waiver of Statutory Funding of Reserves**

There were 1,583 votes to waive the statutory funding of reserves and 28 votes not to waive the statutory funding of reserves. Therefore the reserve funding will remain at the level approved in the 2008 Capital Reserve Budget.

- **Teller's Report**

There were 1,608 unit weeks represented, both in person and by proxy, out of a possible 4,080 weeks, which represents 39 % owner response.

- **Election**

There were 4 candidates seeking election to fill the two seats available on the Board of Directors. The candidates receiving the highest number of votes were Noel Briggs and Jim MacArthur who were elected to serve a two-year term.

ADJOURNMENT

MOTION was made and seconded to recess the meeting. All voted in favor. **Motion carried.**

Meeting recessed at 11:30 a.m.