

Approved 12-10-2009

**THE CHARTER CLUB OF MARCO BEACH®
BOARD OF DIRECTORS BUDGET MEETING
NOVEMBER 3, 2009**

The meeting was called to order at 8:50 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, Neil Hutchinson – Sr. Director Association Management Services, Lael Kilpatrick – Regional Manager Resort Operations and Riki Martin – Administrative Assistant and Acting Recording Secretary for this meeting.

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. Huston and seconded by Mr. Konarski to approve the minutes of the teleconference meeting on September 24, 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.**

RENTAL REPORT

Through Week 38

	2009	2008	2007
Nights Available	981	1420	1232
Nights Rented	565	930	893
Occupancy	86.3%	64.9%	57.5%
Gross Revenue	\$192,711	\$280,521	\$275,597
Average Rate	\$341.08	\$301.64	\$308.62
Weeks Accepted for Rental	136	203	176
Weeks with Rental Activity	89	153	128
% with Rental Activity	65%	75%	72.7%
Weeks Renting 4 or more Nights	79	121	124
% occupied 4 or more Nights	58%	79%	96.9%

The Board discussed the rental report and would like a better understanding of the true rentals. How many rental requests were actually made, gross numbers and net numbers. The Board would like to receive the rental report only at the Annual meeting.

COMERICA

The Board reviewed the investments, balances and CD purchases. Any time there are any excess funds or a change in the need for funds the information needs to be communicated to Chris van Ruiten and Cheryl Thomas. They also discussed the increase in the basic limit on deposit insurance.

Recently, the Emergency Economic Stabilization Act temporarily increased the basic limit on deposit insurance for all account ownership categories from \$100,000 to \$250,000. This increase is effective from October 3, 2008 to December 31, 2013. IRA's and certain other retirement accounts for which the deposit insurance limit was already \$250,000 prior to October 3, 2008 will continue to be insured up to \$250,000.

RESALES REPORT

2009 YTD Sales

Number of weeks sold	76
Dollar volume	\$813,877

Number of weeks currently listed 206

CLOSED BID SALE

The closed bid sale has produced 25 weeks sold for \$96,777 all of which were flex weeks except week 105/39 fixed.

MOTION was made by Mr. MacArthur and seconded by Mr. Huston to extend the sale of the Association owned units to the end of the 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.**

DELINQUENCY REPORT

Summary of Accounts October 2009

	# of Accounts	Outstanding Balance
Lien Action	0	\$
Foreclosure Action	43	\$96,547.19
Other Legal Action	0	\$
Association Owned Weeks	8	\$33,935.03
Total	51	\$130,482.22

MOTION was made by Mr. Konarski and seconded by Mr. MacArthur that management ensures that the real estate taxes get paid to get the full discount with

out regard to the operating balance. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

INSURANCE

Mr. Hutchinson summarized the insurance issues that were addressed in the last two editions of the Board Member Beacon. He reported that the property insurance has been procured for 2009-2010.

Hilton Grand Vacations uses a single broker to assemble a collection of insurance companies covering various levels and categories of risk. For the past two years, Hilton Grand Vacations has used Aon Risk Services as the broker. The selection of a new broker through a process is typically conducted every three years. The new broker, Marsh Risk & Insurance Services, will provide services in the following areas:

- Program administration
- Risk identification
- Insurance placement (design and implementation)
- Claims management
- Disaster management
- Safety/loss control services

Mr. Huston inquired about the Board of Directors being held harmless if they act in a prudent manner. He requested a certificate of insurance. Mr. Hutchinson stated that Directors and Officers indemnification is covered in the Associations by-laws.

MANAGEMENT UPDATE

Staffing Update

All positions are currently filled except one open position in recreation.

Financial Review

i. Investment Policy

MOTION was made by Mr. MacArthur and seconded by Mr. Briggs to accept the association investment policy as presented by Hilton Grand Vacations. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

ii. Waiver for Inclusion of Information

MOTION was made by Mr. MacArthur and seconded by Mr. Konarski to approve the unanimous written consent of the Board of Directors. Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

iii. 2010 Budget Resolution

Mr. Hutchinson checked with Hilton Grand Vacations finance department and assured us that new items can be added to the reserve project list in the year of which they are started.

iv. 2009 Assessment Billing Resolution

MOTION was made by Mr. Konarski and seconded by Mr. MacArthur to approve the 2009 Assessment billing resolution as amended (Attached as an exhibit to these 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 approved the revised Board of Directors candidate form.

Lunch recess 11:55 a.m. -1:30 p.m.

c. Project List

i. Fire Control Panel

Three bids were presented for the upcoming replacement of the fire system control panel. The Board was in agreement to move the project from 2011 to 2010. **MOTION was made by Mr. Huston and seconded by Mr. Konarski to move the fire control panel to 2010 subject to final proposals.** Mr. Briggs voted aye, Mr. Huston voted aye, Mr. Konarski voted aye, Mr. MacArthur voted aye and Mr. Wood voted aye. **Motion carried unanimously.**

ii. Pool

Jennifer Gattuso from the Health Department gave a presentation on the required code changes for the pool/spa.

iii. Additional 2010 Projects

1. Unit Interior Renovations (Model)

The model unit has been completed with the exception of the bedroom and dining room furniture being delivered.

2. Owners Parties/Luncheon

The Board was in agreement to continue with the owner's parties/luncheon.

3. Parking Gates

The Board discussed gate options. They are concerned with delivery persons, guest visitors, transponders and cameras. Mr. Fox will provide bids on gate options at a future meeting.

4. Lee Huston – Presentation

Mr. Huston gave a presentation on master bathroom renovation options.

d. Review of Owner Correspondence

The Board discussed the cost of sailboat rentals and are considering a \$20 charge to everyone who is at the resort other than owners in-house at the time. To be discussed at the next teleconference.

e. Comment Card & RCI Report

The Board reviewed the comment card & RCI report.

Add to Project List

Management to set up a training and awareness program for the employees with definitive goals for the proper way to approach a person who is violating the rules.

Trademark Issue

Mr. Pascal has sent a letter to the Board of Directors regarding the trademarks. The two trademarks owned by The Charter Club of Marco Beach Condominium Association, Inc. are coming up for renewal next year and may be renewed at any time until October 2010. The costs will \$950 for each of two trademarks, totaling \$1,900 plus miscellaneous minor disbursements. **MOTION was made by Mr. MacArthur and seconded by Mr. Huston to renew the 10 year trademark registration in accordance with Ed Pascal's letter dated October 22, 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.**

Mr. Fox expressed his concerns with Girard Environmental Services performance. He suggested increasing amounts budgeted for that line item in the 2010 budget in case he needs to change landscaping companies.

Mr. Fox presented a proposal from Shell Scape an envirofriendly mulch alternative. The Board asked Mr. Fox to check on the environmental status, delivery cost and installation.

PRESENTATION OF PROPOSED 2010 OPERATING/RESERVE 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.

Meeting recessed at 5:45 p.m. on November 3. Meeting reconvened at 9:00 a.m. on November 4, 2009.

MOTION was made by Mr. Huston and seconded by Mr. Konarski to approve the 2010 maintenance fee of \$857.01 an increase of 3.67% over prior 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.**

- a. 3 Year Reserve Forecast
The Board reviewed the 3 year reserve forecast

Mr. Hutchinson stated that the comparative columns on the budget and the new reserve items may be added to the reserves.

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. MacArthur and seconded by Mr. Huston 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.**

ARDA VOLUNTARY CONTRIBUTION

Ms. Kilpatrick discussed the ARDA contributions to the timeshare industry over the past years. She asked that the Board allow Hilton Grand Vacations to solicit a voluntary \$3.00 per week donation to ARDA this year on the maintenance fee statement. **MOTION was made by Mr. Huston and seconded by Mr. Konarski to allow Hilton Grand Vacations to solicit a voluntary \$3.00 per week donation to 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.**

OTHER BUSINESS

Mr. MacArthur suggested including an article on the history of The Charter Club of Marco Beach® in the newsletter. Mr. Briggs will write an article for consideration by the Board of Directors.

FUTURE BOARD MEETING DATES.

Teleconference meeting December 17, 2009 @ 9:00 a.m.
Annual/Board meeting March 10 & 11, 2010
Budget meeting October 25 & 26, 2010

EXECUTIVE SESSION (11:30 a.m. - 11:35 a.m.)

Mr. Fox and Mr. Shook were excused from the executive session.

There was discussion regarding the manager's bonus not being severely reduced by overall HGV operations, but principally related to The Charter Club of Marco Beach results. Ms. Kilpatrick stated that there are guidelines set by HGV. These are based on property comment cards, RCI ratings, goals established each year, as well as budget management. 80% of bonus is within Matt's control.

Mr. Wood asked for recommendations of any employee or security guard who should be recognized to receive a special bonus. Mr. Fox will present his recommendations to the Board of Directors.

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 11:45 a.m.