

Approved May 30, 2008

**THE SURF CLUB OF MARCO INC.  
BOARD OF DIRECTORS MEETING  
JANUARY 17, 2008**

The meeting was called to order at 9:00 a.m. by President, M.T. Myers at The Surf Club Social Room, Marco Island, Florida. Board members in attendance were: M.T. Myers and Joe McCluskey. Attending from Hilton Grand Vacations (HGV) were: Sharry Luneke – Resort Manager, Chris Schmadtke – Assistant to the Resort Manager, Ada Grzywna – Regional Director Resort Operations, Lael Kilpatrick – Regional Manager Resort Operations and Riki Martin – Administrative Assistant and Acting Recording Secretary for this meeting.

**MOTION was made by Mr. McCluskey and seconded by Ms. Myers to appoint Riki Martin as recording secretary for this meeting.** Ms. Myers voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

**APPROVAL OF PREVIOUS MINUTES**

**MOTION was made by Mr. McCluskey and seconded by Ms. Myers to approve the minutes of the October 18-19, 2007 budget meeting.** Ms. Myers voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

**FINANCIAL REPORT**

**a. 4<sup>th</sup> Quarter 2007 Financials**

The Board reviewed the November financials. Mrs. Luneke will forward the December financials as soon as she receives them.

**b. Year-to-date Reserve Expenses**

The Board reviewed the year to date reserve expenses.

**c. Variance Report**

The Board reviewed the variance report.

**d. Accounts Receivable Update**

**Summary of Accounts**

December 2007	# of Accounts	Outstanding Balance
Lien Action	0	\$
Foreclosure Action	15	\$ 42,358.37
Other Action	1	\$ 5,111.13

Association Owned Weeks	<u>29</u>	<u>\$186,243.26</u>
Total	45	\$233,712.76

Ms. Myers presented documentation concerning discrepancies in owner's records. Mrs. Grzywna took the documents for review and indicated that she will report back to the Board of Directors.

**e. Bank Loan**

Bank loan has been paid in full. **MOTION was made by Mr. McCluskey and seconded by Ms. Myers to close the line of credit with Bank of America.** Ms. Myers voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

**f. Investments Update**

Investment information is available on the monthly balance sheet.

**g. Positive Pay**

Last year there were five fraudulent checks written against Surf Club's checking account. The bank reimbursed the Association and provided Positive Pay (check protection) for one year at no cost. Management stated that Hilton Grand Vacations treasury department suggests that the Association take the check protection offered by the bank at \$75.00 per month. The Board feels it has not been an ongoing problem and agreed not to take the protection at this time.

**ON-SITE OPERATIONS REPORT**

**a. RCI Scores**

Mrs. Luneke was happy to report that The Surf Club of Marco has received the RCI Gold Crown Resort® designation for 2008. This award is presented to The Surf Club of Marco in recognition of its superior resort facilities and services. The staff is to be commended for extraordinary commitment to quality and service. The resort is offering a mid week towel exchange and beach towels are available at the front desk at no charge.

**b. Comment Cards**

The Board reviewed the comment cards.

**OLD BUSINESS**

**a. Trash Shed**

Owners have requested that the trash bins on the south end of the building be covered up. Mrs. Luneke suggested moving the trash containers under the building by the loading dock. She will look into the cost of repairing the trash chutes and trash compactor. The Board agreed to a rental incentive program for the 09 and 11 units to be discounted up to 15% off the rack rate. The renter is to be made aware that these units do not have an ocean view.

**b. Surf Club Website**

Management will work with the Hilton Grand Vacations Webmaster to update the website. The Board requested the website address be added to the pre-arrival letter.

Ongoing projects, fitness center update and approved meeting minutes will be added to the site.

**c. Beach Access/Fence/Pool Lighting**

The permits have been pulled for the fence project. Installation is scheduled for the week of January 21. Mrs. Luneke thanked Chris Schmadtke, Assistant to the Manager and Director Joe McCluskey for all their time and effort on the project.

**MOTION was made by Mr. McCluskey and seconded by Ms. Myers to approve the contract with Gulfside Docks and Lifts for renovations to the beach board walk in the amount of \$17,844.12. Ms. Myers voted aye and Mr. McCluskey voted aye. Motion carried unanimously.**

**MOTION was made by Mr. McCluskey and seconded by Ms. Myers to approve the contract with Condee Cooling and Electric, Inc. to modify the existing pool deck lighting to meet night time swimming requirements in the amount of \$15,750.00. Ms. Myers voted aye and Mr. McCluskey voted aye. Motion carried unanimously.**

**d. Fitness Center**

Fitness equipment is on order, blinds has been installed as well as a phone line. Weights, fitness balls and mats have been received. Mrs. Luneke will review the Hilton Grand Vacations safety rules.

**e. Policy Manual Review**

**MOTION was made by Mr. McCluskey and seconded by Ms. Myers to adopt the policy manual as amended on January 17, 2008. Ms. Myers voted aye and Mr. McCluskey voted aye. Motion carried unanimously.**

**NEW BUSINESS**

**a. Resort Sports**

At the 2009 budget meeting Mrs. Luneke will have proposals prepared for year round activities. Surf Club owners may use the resort activities at The Charter Club of Marco Beach®.

**Kitchen Cabinet**

**MOTION was made by Mr. McCluskey and seconded by Ms. Myers to purchase and install 44 kitchen storage cabinets. Ms. Myers voted aye and Mr. McCluskey voted aye. Motion carried unanimously.**

**MOTION was made by Mr. McCluskey and seconded by Ms. Myers to purchase 44 appropriately sized fiberglass tables from Admiral not to exceed \$7,681.50. Ms. Myers voted aye and Mr. McCluskey voted aye. Motion carried unanimously.**

**b. Wireless/Units**

The Board and Management reviewed the information from Chris Schmadtke on providing wireless to all the units and decided more research is needed on the cost and practical implementation. Ms. Myers commended Chris for his work in researching this project.

**EXECUTIVE SESSION**

The Board went into executive session at 2:10 p.m. – 2:17 p.m. No action was taken by the board.

**LEGAL ISSUES**

**a. Rules and Regulations**

Ms. Myers gave instructions to the Manager to authorize the resort staff to enforce the rules and regulations of the Surf Club, per the Florida Statutes, Collier County Ordinances and our governing documents.

**b. Revision of Governing Documents**

Ms. Myers has contacted Becker and Poliakoff for the cost of a complete revision of the governing documents they quoted \$7,000 to \$10,000. Attorney William Morris gave a quote of up to \$5,000.

**c. Association Weeks**

The Board discussed that there are 29 Association owned weeks in the amount of \$186,243.26 that needs to be sold. The Board and Management agreed on being very aggressive. **MOTION was made by Mr. McCluskey and seconded by Ms. Myers to authorize Hilton Grand Vacations sales associate to sell the Association owned weeks for \$2,500 and include a one year membership to HGV Club to be paid by the Association at the reduced rate of \$199 for the first year.** Ms. Myers voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

**d. Corporate Resolution**

**MOTION was made by Mr. McCluskey and seconded by Ms. Myers to authorize the President to sign the certificate of resolution.** Ms. Myers voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

**BALLOT UPDATE**

The tally is not available today, however in consideration of the owners that notified us that they had not received ballots due to address changes and other circumstances the

board agreed to extend the vote for ninety days, to give each owner the opportunity to vote.

**MOTION was made by Mr. McCluskey and seconded by Ms. Myers to extend the ballot for 90 days.** Ms. Myers voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

Mrs. Grzywna stated that Hilton Grand Vacations in-house counselor's opinion is that extending the ballot for 90 days will be in violation of Florida Statutes. Ms. Myers indicated that she has a document from an Attorney, stating that in his opinion it is legal. Mrs. Grzywna asked for a copy of the letter from the Attorney. Ms. Myers provided Mrs. Grzywna with a copy of the letter from the Attorney.

**MOTION was made by Mr. McCluskey and seconded by Ms. Myers to appoint William G. Morris as the Registered Agent for the Surf Club of Marco Inc. and also the Attorney for the Surf Club of Marco, Inc. to handle all delinquent accounts and foreclosures.** Ms. Myers voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

Management will advise Attorney Michael Belle to complete the current foreclosure actions. Attorney William Morris will assume his appointment after Mr. Belle has completed his work.

#### **MEETING DATES**

May 29 Board meeting @ 9:00 a.m.  
May 30 Annual meeting @ 1:00 p.m.  
October 23 Budget meeting @ 9:00 a.m.  
October 24 Budget meeting @ 10:00 a.m.

#### **ADJOURNMENT**

**MOTION was made by Mr. McCluskey and seconded by Ms. Myers to adjourn the meeting.** Ms. Myers voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

**Meeting adjourned at 4:15 p.m.**