

**THE SURF CLUB OF MARCO ISLAND
BOARD OF DIRECTORS MEETING
THURSDAY, MAY 6, 2010**

The meeting was called to order at 1:00 p.m. by President Bill Chandler at Hilton Grand Vacations Regional office, Marco Island, Florida. Board members in attendance were: Bill Chandler, Jim McCanna and Joe McCluskey. Attending from Hilton Grand Vacations (HGV) were: Sharry Luneke – Resort Manager, Chris Schmadtke – Assistant to the Resort Manager, Neil Hutchinson – Vice President Association Management Services, Lael Kilpatrick – Regional Director Resort Operations and Riki Martin – Administrative Assistant and Acting Recording Secretary for this meeting. Also in attendance was Surf Club owner John Hauk.

Mr. McCluskey questioned, since today's meeting was shortened, why we would take up time on the cable TV contracts. He would like to see this eliminated. Mr. McCanna does have some questions of Comcast Cable but it will not take much time. Mr. Chandler will try to keep the meeting running as expeditiously as possible.

APPOINTMENT OF RECORDING SECRETARY

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

APPROVAL OF AGENDA & CERTIFICATION OF MEETING NOTICE

MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to approve the agenda and certification of meeting notice as amended (adding A/C upgrade for elevator roof top room). Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey abstained. **Motion carried.**

APPROVAL OF PREVIOUS MINUTES

MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to approve the minutes of the March 3, 2010 teleconference meeting. Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

2009 AUDIT

In the board's opinion, the financial statements present fairly, in all material respects, the financial position of The Surf Club of Marco, Inc. as of December 31, 2009, 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.

MOTION was made by Mr. McCanna and seconded by Mr. McCanna to approve the 2009 Audit and authorize the Secretary/Treasurer to sign the letter of management representation as regard to the 2009 audit presented by Myers, Brettholtz & Company, PA. Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

ARDA ROC PROPOSAL FOR FLORIDA

Jason Gamel joined the meeting at 1:30 p.m. via telephone.

He discussed the non-judicial foreclosure bill also in the Florida Legislature.

ARDA-FLORIDA CHAPTER request for funding was approved by the ARDA-ROC committee.

The requested funding is for:

A legislative monitoring effort to review every bill filed in the Florida House and Senate (with participation from the ARDA-Florida committee members) to determine a direct or indirect impact on the industry.

Lobbying and legal efforts related to defensive legislative efforts on behalf of the timeshare industry and timeshare owners.

Prepare a draft legislation that would create a timeshare homeowner's association act in order to protect timeshare homeowners associations from legislation aimed at condominium associations that generally has unintended consequences on the timeshare industry

SURF CLUB UNIT WEEKS INVENTORY

A. Auction of Association Owned Weeks

The Board reviewed the auction sale report, at this time there are 11 units under contract. Mrs. Luneke suggested after the sale has been completed an analysis on converting the less desirable weeks to flex time be done.

B. Delinquency Report and Non-Judicial Foreclosure Legislation

Summary of Accounts
April 2010

	# of Accounts	Outstanding Balance
Lien Action	0	\$
Foreclosure Action	13	\$ 55,126.80
Other Action	1	\$ 8,864.70
Association Owned Weeks	30	\$159,237.92
Total	44	\$223,229.42

Attorney Michael J. Belle joined the meeting at 1:40 p.m.

Mr. Belle discussed non-judicial foreclosures and reviewed the delinquency report.

C. Re-sales/Rental Program

Ms. Kilpatrick is working in conjunction with the corporate office to improve the rental/resale marketing of its resorts on Marco Island. Monies have been allocated for resales and rental marketing with promotions and discounts for rentals in 2010.

An independent consulting firm has been hired to assess the current sales and rental programs and make recommendations to Hilton Grand Vacations.

A postcard-sized ad has been sent out to guests who have rented through Hilton Grand Vacations over the past five years offering a 25% discount on rentals.

MANAGER'S REPORT

A. Fire Pump Proposals

Mrs. Luneke recommended because of the wide price variations an engineer be hired to oversee the project. **MOTION was made by Mr. McCluskey and seconded by Mr. McCanna to award the contract to Tannasse Fire Protection, Inc to comply with all state and local code requirements and acquire all appropriate permits including the allowance for electrical work and permit in the amount of \$ 43,790.** Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

B. Roof Inspection/Engineer Report

The roof inspection engineer report was tabled until Mrs. Luneke receives the engineers report.

C. Security Cameras

MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to remove the existing nonfunctioning security cameras as recommended by HGV risk management. Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

D. Pool Decks

Mrs. Luneke presented proposals for replacing the existing wood framing and re-installing the existing composite deck adjacent to the pool. The existing frame work is rotting and would be replaced with composite materials. The existing composite decking would be stored on site for re-use. This project will be added to the reserve schedule for 2011.

Meanwhile repairs will be done to preserve safety for our guests.

E. Completion of UG Electric Service & High Water Mark Survey

The Board was in agreement to have Condee Cooling mark the property for the UG Electric Service and Surf Club maintenance staff will plot same on our site plan.

In 2006 Carol Nelson was paid \$1,500 to do the underground service and high water mark survey. She is not responsive to management's attempts to complete the surveys. **MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to write off the collection and do not actively pursue getting the money back.** Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

The Board was in agreement to postpone the high water mark survey to a future date.

F. Reserve Study

Commercial Assessments are on property at this time doing the site work for the reserve study. The reserve study, which should be completed by June 1, 2010. The report will be sent to Management and the Board for review.

G. Tennis Court Usage

Mrs. Luneke provided the Board with the 2009 (weeks 1-52) – 2010 (weeks 1-15) tennis court usage graphs. The Board was in agreement to make no changes to the tennis courts at this time.

H. A/C Upgrade for Elevator Room on the Roof

Mrs. Luneke presented a proposal from Crowther Cool Check for A/C upgrade plan for the elevator room **previously only a portable A/C unit was installed.** **MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to waive the bidding requirements and award the contract to Crowther Cool Check in the amount of \$2,967.37.** Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

CABLE TELEVISION CONTRACT

Bill Gaston of Marco Island Cable joined the meeting from 2:00 – 2:15 p.m. to answer questions from the Board of Directors.

Nikki Mello of Comcast Cable joined the meeting from 2:30 – 3:00 p.m. The Board of Directors reviewed the Comcast contract.

MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to accept the Comcast contract as submitted for 64 months beginning June 1, 2010 running through September 30, 2015 so to coincide with the Comcast internet contract. Mr.

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Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

BEACH CONTRACT

Mr. Chandler stated that previously the attorney who reviewed the beach contract felt that it could only be terminated for cause. Mr. McCanna disagreed and would like to have authority from the board to meet with the owner and discuss the beach contract. The renewal date could be added to the timeline and appropriate notice given if Surf Club wanted to get out of the contract. **MOTION was made by Mr. McCluskey and seconded by Mr. McCanna that if Mr. McCanna is re-elected to the Board of Directors, he is authorized along with Hilton Grand Vacations management to meet with the beach vendor to discuss the beach contract.** Mr. Chandler voted no, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried.**

POLICY MANUAL

The Board discussed the policy manual. Suggestions were made to update the manual and add it to the Surf Club website. The Board agreed if the policy manual was going to be added to the website, the complete manual should be displayed or add a notice on the website that the policy manual is available for review from the resort manager. A new board member orientation packet was also suggested to include policy manual, travel reimbursement and Chapter 718 and 721 Florida Statutes. At this time new board members receive the past two years of board meeting minutes.

Mr. Hutchinson stated that at the developed properties, all policies are on a website that is only made available to board members. He is currently preparing a training manual for all board members, which he going to discuss in the next issue of the board member beacon. Bill reported that ARDA has sponsored a training program called board member 101.

NORDIS DIRECT VOTING PROCESS

The Annual meeting mailing was prepared by Nordis Direct. The initial reason for on line voting was to increase the number of owners voting. The reporting, tracking and tallying of the votes was successful, although only a small number of owners have opted in to be added to future communications. Mr. McCluskey suggested that owners have the email option by checking a box for future communications. The next step would be to send the resort newsletter out through Nordis Direct.

The Board was in agreement not to move forward with their own interactive website at this time. Meanwhile Mrs. Luneke has extended the life of the Surf Club reserved domain name for another 5 years.

MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to recess the meeting. Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

Meeting recessed at 5:25 pm on May 6 and reconvened at 8:30 a.m. on May 7, 2010.

The Board reviewed the tellers report and was in agreement not to publish the number of votes each candidate received. The tellers report will appear as an addendum to the Annual meeting minutes. Management will notify all unsuccessful candidates and inform them of the number of votes received if requested.

APPROVAL OF INTEGRATED TIMELINE

MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to approve the upgraded integrated timeline. Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

Ms. Kilpatrick announced that Mr. Hutchinson has been appointed as Vice President of Association Management Services. Congratulations to Neil!

ADJOURNMENT

MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to adjourn the meeting. Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

Meeting adjourned at 9:20 a.m.

APPROVED 6-5-2010