

Approved 10-22-2009

**THE SURF CLUB OF MARCO, INC.
BOARD OF DIRECTORS MEETING
APRIL 23, 2009**

The meeting was called to order at 9:00 a.m. by President, William Chandler at the Hilton Grand Vacations Regional Office, Marco Island, Florida. Board members in attendance were: William Chandler, Jim McCanna and Joe McCluskey. Attending from Hilton Grand Vacations (HGV) were: Sharry Luneke – Resort Manager, Chris Schmadtke – Assistant to the Resort Manager, Randy Piatt – Regional Vice President Resort Operations, Neil Hutchinson – Senior Director Association Management Services, Lael Kilpatrick – Regional Manager Resort Operations and Riki Martin – Administrative Assistant and Acting Recording Secretary for this meeting.

APPOINTMENT OF RECORDING SECRETARY

MOTION was made by Mr. McCluskey and seconded by Mr. McCanna 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 AND CERTIFICATION OF MEETING NOTICE

MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to approve the agenda and certification of meeting notice. Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

APPROVAL OF PREVIOUS MINUTES

MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to approve the minutes of the January 8, 2009 meeting as amended. Mr. Chandler voted aye, Mr. McCanna voted aye, Mr. McCluskey voted aye. **Motion carried unanimously.**

MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to make the correction on the January 8, 2009 minutes that the proposed budget will be sent to all owners no less than 14 days prior to the budget meeting. Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to approve the minutes of the February 13, 2009 meeting. Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

MOTION was made by Mr. McCanna and seconded by Mr. Chandler to approve the minutes of the March 5, 2009 meeting. Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey abstained. **Motion carried.**

BY-LAW AMENDMENT VOTING UPDATE

Increase number of board members from three to five persons

YES 421

NO 7

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2 Year Term of Office
YES 423
NO 3

Amendment shall be approved by fifty and one tenth (50.1%) of all owners.
YES 409
NO 17

Special Owners meeting will be held on January 4, 2010

REVIEW OF PRESIDENT'S MEETING WITH KIM KREIGER (MINUTES OF MEETING/KIM KREIGER'S LETTER)

Mr. Hutchinson is working to streamline and address issues to increase the line of communications with the Board of Directors. In March 2009 he introduced the Board Member Beacon newsletter to this region. On May 13th at 10:00 a.m. Ms. Kilpatrick will conduct the Presidents quarterly meeting. No board action taken at this meeting.

LETTER FROM DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATIONS (DBPR) DATES 3-20-2009

Michelle Tomlinson Williams, Esq. Sr. Director and Sr. Counsel for Hilton Grand Vacations responded to the letter dated March 20, 2009 from Investigator Ahmed Y. Kassoo of the DBPR. HGV was unaware that the case remained open. It was our understanding that the case was closed for no findings being made.

Mr. McCanna asked that the Board receive an explanation from HGV on their response to Mr. Kassoo. Mr. Piatt agreed to provide same.

RESERVE STUDY/STATUTORY FUNDING DISCUSSION

In 2008 Ms. Kilpatrick provided the Surf Club with a proposal from Armstrong Consulting for a reserve study in the amount of \$6,800. A reserve study takes approximately 90 – 120 days.

A reserve study is a budget planning tool that identifies the current status of the reserve fund and establishes a stable and equitable funding plan to offset the anticipated future Major Common Elements or Common Area expenditures. A reserves study consists of two parts the physical analysis and the financial analysis.

Ms. Kilpatrick stated that the proposed budget must be mailed to the owners no less than 14 days prior to the budget meeting. She has requested the corporate office to prepare a letter to accompany the budget and will be included in newsletter.

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FIRE SYSTEM PROPOSALS

Carolyn Coffeen of Simplex Grinnell joined the meeting 9:30 a.m. – 9:50 a.m.

Ms. Coffeen reviewed the proposal for the fire system with the board members. Owners/guests are advised of the fire system update via the website and newsletter. Mr. McCanna suggested also adding the information to the pre-arrival letter.

MOTION was made by Mr. McCluskey and seconded by Mr. McCanna to accept the fire system proposal of Simplex Grinnell dated 4-22-2009. Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

WIRELESS INTERNET ACCESS PROPOSALS

The Board members reviewed the proposals for the wireless internet. **MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to request the working group to engage a consultant to prepare specifications for proposals for review and approval by Director McCluskey.** Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

ELEVATOR MODERNIZATION UPDATE

Elevator modernization is scheduled to begin in June. Each elevator will take 9 weeks for completion.

INVESTMENTS OF RESERVES

Currently, the Surf Club has \$25,000 invested in four CD's for a total of \$100,000. The maturities are scheduled out from 2011 till 2014. Current rates on the CD's range from 2.35% to 3.55%. The balance of the funds, \$626,583 is invested in a FDIC bank deposit program. Morgan Stanley is currently looking for competitive CD's with maturities of 2010 and 2011 for \$50,000 each. This will leave more than enough funds for the elevator and fire control panel projects. Until rates start to move higher Morgan Stanley is maintaining more funds in the liquid bank deposit program and/or short term CD's as history would dictate.

No action taken at this time

INTERVAL INTERNATIONAL (II) MAILING TO OWNERS

The Board was in agreement to wait until the current 10 year contract with Interval International expires to proceed with the mailing. **MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to indefinitely postpone the II mailing.** Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

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POLICY MANUAL

MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to authorize the Working Group (Board President, Regional Manager and Resort Manager) to continue to update the policy manual. Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. Motion carried unanimously.

MOTION was made by Mr. McCanna and seconded by Mr. Chandler to allow the Board of Directors on a one time basis as of the 4-23-2009 meeting to exceed the \$900 board reimbursement policy Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey abstained. Motion carried.

ENERGY AUDIT

Mrs. Luneke stated that gradual work is in progress for more energy efficient lighting to be installed by the maintenance staff beginning with the common areas. The Board was in agreement to have LCEC conduct an energy audit.

AUDIT

MOTION was made by Mr. McCluskey and seconded by Mr. McCanna to authorize the Secretary/Treasurer to sign the letter of management representation as regard to the 2008 audit presented by Myers, Brettholtz & Company, PA. Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. Motion carried unanimously.

DELINQUENCY REPORT/ACCOUNTS RECEIVABLE ANALYSIS OF PAID MAINTENANCE FEES

Michael J. Belle, PA joined the meeting 10:15 a.m. – 11:00 a.m.

Delinquency Report

Summary of Accounts

	# of Accounts	Outstanding Balance
Lien Action	0	\$
Foreclosure Action	10	\$ 41,410.50
Other Action	5	\$ 29,539.48
Association Owned Weeks	15	\$ 74,827.96
Total	30	\$145,777.94

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Mr. Belle explained the foreclosure process to the Board members. The process takes approximately 200 days start to finish. He charges a flat fee of \$550 for a foreclosure. Mr. Chandler read from the audit the following paragraph.

As of December 31, 2008, 61 unit-weeks were owned by 7 entities which, if held for resale, may be construed by the successor developers as defined by Florida Statute 721.05(10)(d)1, which provides that a rebuttable presumption shall exist that an owner who has acquired more than seven timeshare interests did not acquire them for his or her own use and occupancy.

MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to authorize Michael Belle to write a letter to the State of Florida regarding successor developers at a cost not to exceed \$300. Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. Motion carried unanimously.

APPROVAL OF INTEGRATED TIMELINE

MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to adopt the integrated timeline as of today's meeting. Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. Motion carried unanimously.

Ms. Kilpatrick stated that the Surf Club sales office lease expired December 2008. Surf Club is currently on a month to month extension. Sales office rent was increased by the CPI of 4.4%.

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 2:20 p.m.