

Approved 2-16-2010

**THE SURF CLUB OF MARCO  
BOARD OF DIRECTORS MEETING  
MONDAY, JANUARY 4, 2010**

The meeting was called to order at 9:15 a.m. by President William Chandler at the Surf Club Management office, Marco Island, Florida. Board members in attendance were: William Chandler, Jim McCanna and Joe McCluskey. Attending from Hilton Grand Vacations were: Sharry Luneke – Resort Manager, Chris Schmadtke – Assistant to the Resort Manager, Neil Hutchinson – Senior Director Association Management Services 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 approve the appointment of 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 the meeting notice.** Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

**AFFIRMATION OF LETTER TO NON-VOTING OWNERS**

**MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to affirm the Board's decision to mail a letter dated 12-9-2009 to all owners not yet returning their limited proxy form on the By-Law amendments, encouraging them to do so and to enclose a pre-addressed and first class postage prepaid envelope.** Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

**UNANIMOUS CONSENT**

**MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to adopt the resolution attached herein as Exhibit A.** Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

**ANNUAL MEETING TIME**

The time for the 2010 Annual meeting has been changed to 10:00 a.m. on May 7, 2010.

**APPROVAL OF PREVIOUS MINUTES**

**MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to approve the minutes of the October 22 & 23, 2009 budget meeting as amended.** 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 November 20, 2009 teleconference meeting as amended.** Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

#### **CABLE TELEVISION CONTRACT**

Mr. Chandler, on behalf of the Board of Directors sent a letter dated December 22, 2009 to Comcast. "Per our service agreement dated April 1, 2005 The Surf Club of Marco Condominium Association, Inc. is hereby giving notice of termination of the existing contract. We request that Comcast submit a new contract for consideration by the Board of Directors by February 1, 2010".

**MOTION was made Mr. McCluskey and seconded by Mr. McCanna to recess the meeting at 9:50 a.m. for the special owners meeting.** Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

Meeting reconvened at 10:45 a.m. at the HGV Regional office on Marco Island Lael Kilpatrick – Regional Manager Resort Operations joined the meeting at this time via telephone.

#### **NORDIS DIRECT – ELECTRONIC VOTING**

Mr. Hutchinson discussed on-line voting and electronic mailings. Nordis Direct technology platform was modeled on timeshare resorts. The process would be to send by paper, a link to a personal URL (Uniform Resource Locator), also called a PURL, which would allow the owners to vote on-line. In addition to capturing voting details, owners would be asked to verify their email address and if they want to receive future communications electronically. Owners can opt-in to receive whichever mailing they want electronically. If the email is not opened after 10 days, the owner will automatically be sent out a hard copy. Email capture will decrease mailing/printing costs for future mailings and newsletters. Nordis Direct will send out another email to those who voted by email first to give them opt-in choices.

The cost of the annual meeting mailing in 2009 was \$1.38 per unit week. The cost for the 2010 annual meeting mailing will be \$1.50 per unit week. The cost will go down in 2011 to approximately \$1.18. Mr. Hutchinson will provide a written standard operating procedure prior to the mailing. **MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to authorize HGV to proceed with the Nordis Direct procedure, with a cost up to \$1.50 per unit week.** Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

In the past Surf Club has used a locked ballot box for the proxies. A few days prior to the meeting, the Board President, HGV staff member and two local owners have counted the votes. Nordis Direct will also tabulate the vote. The owner who sends in a hard copy

will be added to the electronic voting. After the election, the voting of both hard copy and electronic voting can be audited.

Attorney Fred Kramer joined the meeting at 11:20 a.m.

The proposed By-Law amendment for a two year term for Board of Directors was approved at the Special owners meeting held at 10:00 a.m. on January 4, 2010.

At this time, there is no decision to change the length of term for Board of Directors. Management feels ARDA will ask for consideration of a change in the ruling at the next legislative session, as it is felt that the current law on term limits was is intended to apply only to whole ownership.

The Board of Directors discussed with Attorney Kramer updating the governing documents for The Surf Club of Marco.

Mr. Kramer left the meeting at 11:50 a.m.

Mr. McCanna advised the owners at the Special Owners Meeting that if they add the individual votes the numbers do not add up to 1,496. The key is signed received proxies, when people don't vote on an issue it still counts because they signed the proxy form. The non vote on a particular item goes in as an abstention but it still qualifies to meet the quorum. The quorum was met by having 1,518 signed proxies.

**MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to approve the Teller's Report and Certification of the Teller's Report at the Special Owners Meeting, and directing Management to prepare for recording and cause the recording of the three approved By-Law Amendments, regarding expansion of the Board to five (5) members, approving a two (2) year term for Directors, and permitting future By-Law Amendments with the vote of 50.1% of all owners. Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. Motion carried unanimously.**

Lunch recess 12:00 p.m. – 1:00 p.m.

#### **RENTALS/RESALES – HILTON RESPONSE TO BOARD**

The Board and Management discussed the rental and resale operations at The Surf Club of Marco. Hilton Grand Vacations is currently developing several programs aimed at boosting both rentals and resales. The marketing budget has been increased for 2010.

The Board asked for a reduction in sales and rental commissions. Mr. Hutchinson stated at this time the decision has been made to maintain commission at current levels. The commissions on both rental and resale are in line with the competition.

The sales contract is an agreement between Grand Vacations Realty and the owner, and the rental contract is an agreement between Hilton Grand Vacations and the owner. The owners are not required to use our companies and may choose to contract with other companies for these services if they wish.

In support of The Surf Club and our commitment to the association, Hilton Grand Vacations has offered to share 5% of the Hilton Grand Vacations rental commissions with the association. The commission sharing will begin in January 2010 if accepted by the Board.

Mr. Hutchinson will provide the Board with an outline of the programs for rental/resale at the February 16, 2010 meeting.

Teleconference scheduled for February 16 @ 10:00 a.m.

#### **RESERVE STUDY – TELECONFERENCE WITH KEITH RUEHL OF COMMERCIAL ASSESSMENTS**

Keith Ruehl joined the meeting at 2:00 p.m.

The Board reviewed the reserve study presented by Commercial Assessments. Mr. Ruehl needs 2 -3 weeks to complete the site work and 2 weeks to prepare the study. The reserve study should be complete by June 1, 2010. Mr. Ruehl will submit an initial report for the Board and Management to review. **MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to authorize the Board President to sign the reserve study agreement with Commercial Assessments.** Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

#### **WEBMASTERS**

Doug Ouverson of Websites by Doug joined the meeting at 2:20 p.m. – 2:50- pm

Mr. Ouverson presented a proposal for designing a website for The Surf Club of Marco Association. His estimated total cost would be \$8,610.

The Board was in agreement to gather more information before proceeding with a website. They would like see what information Nordis Direct is going to provide to the owners.

#### **RESALE OF ASSOCIATION OWNED WEEKS**

The board reviewed the sales strategy presented by Ms. Kilpatrick as an interim method for sale of Association owned weeks.

Ms. Kilpatrick explained the process used at another resort for on the sale of Association owned weeks. The sale included an HGVC membership paid by the Association and a commission paid to the on-site sales associate. The board requested that Ms. Kilpatrick check to see if the sales can be done on a flat fee basis instead of a commission

**MOTION was made by Mr. McCanna and seconded by Mr. McCluskey that the Grand Vacations Realty on-site sales associate be allowed to sell association owned weeks until February 15, 2010.** Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

Mr. Chandler feels HGV has an obligation to settle the dispute over the beach concession agreement, executed in February of 2000 and can only be cancelled with cause. The Association's former counsel attempted to terminate this agreement. The beach vendor was not interested in discussing the beach agreement. Mr. McCanna will review beach concession contract prior to the February teleconference meeting.

Mr. Chandler has a concern with the paragraph on page 2 of a letter sent to Mr. Randy Piatt of HGV from Attorney William Morris on October 10, 2008. "I also understand that one of your resort managers accepted appointment under power of attorney to act for a multiple week owner. That appears to be in direct violation of Section 4U, as it creates a conflict of interest".

Mr. Hutchinson stated that no current employee of Hilton Grand Vacations would take power of attorney for an owner.

Mr. Chandler also has a concern with the paragraph on page 2 of the October 10, 2008 letter to Mr. Piatt from Attorney Morris. "The Association also wants to be sure that where the contract provides that your company may freely consult with the Board counsel that the expense of such consultation will be that of your company and not passed through the association. It is the board's understanding that these consultations have always been part of your overhead and an expense not passed on to the association, but we want to confirm same".

Mr. Hutchinson stated that Hilton Grand Vacations will not contact the Association attorney at the Association's expense without previously obtaining approval from the Board President.

Mr. Chandler asked for a response to the November 12, 2008 letter sent to Mr. Piatt from Attorney Morris. The Board requested a significant increase in the monthly payment on the sales office from Grand Vacations Realty. The sales office lease is increased each year by the CPI.

Mr. Chandler requested a written document from Grand Vacations Title stating that in the Surf Club of Marco Declarations of Condominium Article XII paragraph one (1) Managing Entity the referencing of Exhibit 6 has been removed from the closing documents of Grand Vacation Title. There is no Exhibit 6 it is referencing the management contract. Ms. Kilpatrick stated that Hilton Grand Vacations will not be providing an affidavit, but there is no longer a reference to Exhibit 6 in the closing documents.

The Board was in agreement to join Marco Association of Condominium, (MAC). **MOTION was made by Mr. McCanna and seconded by Mr. McCluskey to join Marco Association of Condominium for 2010 and pay the fee of \$25.00.** Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously.**

#### **RESERVE WAIVER OF STATUTORY FUNDING FORMULA**

Under Florida law, condominium associations are required to “fully fund” reserves for capital improvements and maintenance at statutory levels. The State also permits the waiver or reduction of this statutory requirement with an affirmative vote by the majority of Owners voting at the Annual Owners Meeting, either in person or by proxy.

The Reserve Schedule portion of the budget is the formula to determine the timetable you need to replace items and the amount of money needed.

Add to integrated timeline February 16, 2010 teleconference, reserve study and notice of annual meeting May 7, 2010 at 10:00 a.m.

Agenda items added to February teleconference meeting.

- Sales of Association owned weeks
- Beach concession contract

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

#### **ADJOURNMENT**

**MOTION was made by Mr. McCluskey and seconded by Mr. McCanna to adjourn the meeting.** Mr. Chandler voted aye, Mr. McCanna voted aye and Mr. McCluskey voted aye. **Motion carried unanimously. Meeting adjourned at 4:10 p.m.**