

**EAGLE'S NEST ON MARCO BEACH  
ANNUAL MEETING  
MONDAY, MARCH 8, 2010**

The meeting was called to order at 10:30 a.m. by President Pat Doherty on the mezzanine level at Eagle's Nest Resort, Marco Island, Florida. Board members in attendance were: Pat Doherty, Wayne Gruber, Bob Kelsey, Mitch Moore and Jon Udell. Attending from Hilton Grand Vacations (HGV) were: Mona Fohlbrook – Resort Manager, Nelly Rafael – Assistant to the Resort Manager, Neil Hutchinson – Senior Director Association Management Services, Lael Kilpatrick – Regional Director Resort Operations and Riki Martin – Administrative Assistant and Acting Recording Secretary for this meeting.

Mr. Doherty introduced the Board members and management team.

A sign-in sheet was circulated for owners present to sign in lieu of a formal roll call. A quorum was established. Mr. Doherty requested submission of all outstanding proxies.

**APPROVAL OF PREVIOUS MINUTES**

Mr. Doherty asked if there were any corrections to the minutes of the Annual Meeting held on March 9, 2009. **MOTION was made by Mr. Hanner and seconded by Mr. Hicks to approve the minutes of the Annual Meeting held on March 9, 2009.** All voted in favor. **Motion carried.**

**REPORTS:**

**MANAGER'S REPORT**

2009 Projects:

- Installed flat top ranges on three floors of the Tower building. This week we installed all but 18, which will be installed later this spring.
- Added outdoor furniture to common grounds.
- Carpet was removed on the steps to the mezzanine area and replaced with tile.
- Mezzanine stained carpet was replaced to match darker lobby level carpet.
- New ice machines on mezzanine level were installed and original carpet was replaced with tile.
- Lighting was installed at the 1103 walkway area.
- The Tower walkway light fixtures on the top three floors were replaced. Remaining replacement will be ongoing through 2010.
- Patio and parking lot lighting was changed to amber bulbs to comply year round with turtle nesting lighting ordinance.
- 32 inch flat screen TVs were installed in all living rooms.
- Older TVs were rotated into the bedrooms.
- Pool bath interiors and gazebo were painted.
- New showers were installed at the north and south boardwalks.

2010 Projects:

- April 9 – June 11 Tower walkway restoration project will include removal of screen enclosures.
- Removal of Tower awning which will be re-covered and re-installed after the project.
- September villa walkway restoration project will include handrail replacement on villa walkways.
- Continue to install flat screen TVs in bedrooms. Beginning with one bedroom villas in fall of 2010.
- Create two bathroom models in the fall of 2010.
- Awnings will be stored on the street side tennis court.
- Screen enclosures will be removed to expose and perform concrete repairs to all floors and slab edges.

Mrs. Fohlbrook thanked the Board of Directors for their support and volunteer time. Mona also thanked the Eagle's Nest staff for their commitment to the property. They have done an excellent job this year in keeping cost low while providing quality service.

Mrs. Fohlbrook presented a token of appreciation to the outgoing Board members Pat Doherty and Jon Udell.

## **BOARD OF DIRECTORS REPORT**

Mr. Doherty introduced the Board of Directors

### **Pat Doherty**

Mr. Doherty is currently serving as President of the Board of Directors. He and his wife, Jeanne, live in Northfield, Illinois. They purchased at Eagle's Nest in 1983 and have vacationed here every year for the past 27 years. He stated the resort looks terrific, thanks to Mrs. Fohlbrook and her staff.

### **Wayne Gruber**

Mr. Gruber is currently serving as Vice President of the Eagle's Nest Board of Directors. He and his wife Janet live in Naples, after having logged 32 years in the insurance and financial services business in Bloomington, Indiana. Wayne has served 4 terms on the Eagle's Nest Board, including 4 years as President. Most recently, Wayne has spearheaded examination of our property insurance alternatives.

Mr. Gruber stated that a year ago Pat and he were involved in discussions about getting automated external defibrillators for the resort. An automated external defibrillator is used in cases of life threatening cardiac arrhythmias, which lead to cardiac arrest. We have received legal opinions and will continue to work on the project this year.

Eagle's Nest has been examining property insurance alternatives. We have received an insurance proposal from an independent company. Within the next 2 months, a decision will be made on renewing property insurance with Hilton Grand Vacations or purchasing

independent insurance coverage. Wayne said Eagle's Nest has a fine management team and, if owners have the opportunity to meet Neil Hutchinson, they'll find he focuses on the owners at Eagle's Nest and not only on HGVC.

### **Jon Udell**

Mr. Udell and his wife Susan hail from Madison, Wisconsin. Jon's career was that of an economist and he was a Professor at the University of Wisconsin. Jon has served on many boards. One of Jon's noteworthy achievements at Eagle's Nest was serving as the go-between for Eagle's Nest and Marriott. The barrier of dense vegetation between our resort and Marriott is in large part due to Jon's persistence. Jon is the key person on the Board of Directors on financial planning and strategy.

Mr. Udell stated that the fence between Eagle's Nest and the Marriott was not properly placed on the lot line. The fence was replaced by Marriott at no cost to Eagle's Nest. On the south side of the property, at Marco Beach Ocean Resort, we now have identified the lot line and will work to get that corrected. He said it has been a pleasure to work with all the Board members.

### **Mitch Moore**

Mr. Moore has served 2 terms on Eagle's Nest's Board. Many owners may remember Mitch for his years as sales manager at Eagle's Nest. Mitch is still in the real estate business, with his firm located in Sanibel, where he also resides with wife, Lynn. Mitch's savvy insight into the timeshare field and sales has been very beneficial to Eagle's Nest.

Mr. Moore stated we are facing a challenging time and our job as a Board of Directors overall is to keep Eagle's Nest as a premier resort. His focus is keeping the maintenance fees as reasonable as possible without sacrificing. He is also involved with sales in keeping the sale of Association weeks moving, so we have new owners who will pay the maintenance fees. He said he appreciates the opportunity to serve the owners.

### **Bob Kelsey**

Mr. Kelsey has been on the Eagle's Nest Board for a year. He and his wife live in San Antonio, Texas. He has been involved with buildings, landscaping and grounds. Bob's background includes chemistry, water technology, plant maintenance, finance, venture capital and new business start-ups.

Mr. Kelsey stated he and his wife, Sharon, have been proud owners for 27 years. They have never traded their time at Eagle's Nest. He said he feels a commitment as a Board member to insure we maintain Eagle's Nest as a premier resort. He is on the committee for walkway renovations and is working to assure that we maintain the building by correcting the corrosion on the walkways.

## FINANCIAL REPORT

As a recap of the year's activities:

Operating cash of \$1,688,666  
Reserve Cash \$51,275

2 certificates of deposit 100% guaranteed by FDIC earning an average of 5.13%  
Investments in 2 Municipal Bonds (FL) \$184,682

Total operating revenue \$3,162,176  
Total operating expenses \$3,020,905  
Excess (deficiency) \$141,271

Beginning Operating Fund Balance January 1, 2009 \$(170,847)  
Ending Operating Fund Balance December 31, 2009 \$(29,576)

## RENTAL REPORT

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Nights Available	3150	3372	3308
Nights Rented	2286	2526	2648
Occupancy	72.6%	74.9%	80.0%
Gross Revenue	\$636,081	\$688,008	\$723,569
Average Rate	\$278.25	\$272.37	\$273.25
Weeks Available for Rental	438	466	462
Weeks with Rental Activity	370	404	430
% with Rental Activity	84.5%	86.7%	93.1%
Weeks Renting 4 or more Nights	315	336	380
% getting 4 or more Nights	85.1%	83.2%	88.4%

## COMMENTS FROM HGVC

Transient Rental business to Florida was severely impacted in 2009 by a myriad of factors not least among them, the tight economy. Occupancies across our Southwest Florida managed resorts were the worst in our history. In an effort to revamp our Rental Operations we have engaged a new Marketing Company and, for the first time in our history, feel we have to offer promotions and discounts during the High Season months of February, March, and April just to help generate traffic to the resorts. At this meeting last year we said, "Forecasts for a rebound in 2009 are dim and initial reservations reflect this." Unfortunately, that statement has come to pass and we are looking for a very slow recovery which may take several years to accomplish.

## **RESALES REPORT**

### **2009**

Number of Weeks Sold	82
Dollar Volume	\$608,400

### **YTD 2010**

Number of Weeks Sold	16
Dollar Volume	\$187,750

## **NEW BUSINESS**

### **Ratification of 2010 Budget**

**MOTION was made by Mr. Tegan and seconded by Mr. Tedra to approve the 2010 budget as presented. Motion carried.**

## **DISCUSSION FROM THE FLOOR**

Mr. Doherty thanked the owners for sending in ideas and observations to management and the Board of Directors via email to [eaglesnest@hgvc.com](mailto:eaglesnest@hgvc.com)

- Q. An owner asked if Eagle's Nest is going to be renewing the property insurance with Hilton Grand Vacations. A. The insurance renewal date with Hilton Grand Vacations is June, 2010. At the morning Board meeting, a proposal was presented by Insurance and Risk Management Services, Inc. for independent property insurance. A decision will be made prior to June, 2010.
- Q. An owner asked if computer-generated photos of the model bathrooms can be put on Eagle's Nest's website. A. Yes, Mona will have photos added to the website when the models are completed.
- Q. An owner asked what the anticipated special assessment for the bathroom renovations would be. A. Approximately \$300.
- Q. An owner asked if automated external defibrillators are added to Eagle's Nest, how many employees are on the safety team. A. There would be 7 employees on the safety team. However, part of our research pertains to the legal ramifications of staff training and exposure to liability.
- Q. An owner asked what the remaining life of the boardwalk is and will we consider composite materials. A. There are 8-9 years of remaining life and the Board will revisit using composite materials when the project goes out to bid.
- Q. An owner asked when the fountain will be repaired. A. There is one remaining underground leak between the fountain and the pump room. We are working to correct the problem and hope to have it running by the end of this week.

- Q. An owner asked what has happened to the vegetation going to the beach. A. Davey's Tree Service feels the frost from the cold winter this year has caused the vegetation to go dormant and the vegetation should return as the weather warms up.
- Q. An owner asked when the model bathrooms will be completed. A. The models will be completed in the fall of 2010. Tower bathroom renovations will be in the fall of 2011 and the Villa renovations will be in 2012.

#### **TELLER'S REPORT**

There were 1,602 unit weeks represented, both in person and by proxy, out of a possible 4,800 unit weeks, which represents 33.4 % owner response.

#### **Waiver of Statutory Funding of Reserves**

There were 857 votes to waive the statutory funding of reserves and 41 votes not to do so. Waiver of statutory funding of reserves was approved; therefore, the reserve funding will remain at the level approved in the 2010 budget.

#### **Election of Directors**

There were 12 candidates seeking election to fill the two seats available on the Board of Directors. The candidates receiving the highest number of votes were Sharon Bohrer and Fred Bathon. Thanks to the owners for their participation in the election and in the Annual Meeting.

#### **FUTURE MEETING DATE**

Annual meeting is scheduled for March 14, 2011.

#### **ADJOURNMENT**

**MOTION was made by Mr. Hanner and seconded by Mr. Tedra to adjourn the meeting. All voted in favor. Motion carried. Meeting adjourned at 11:30 a.m.**