

Approved 3-8-2010

**EAGLE'S NEST ON MARCO BEACH  
BOARD OF DIRECTORS BUDGET MEETING  
NOVEMBER 9, 2009**

The Board of Directors Budget Meeting was called to order at 8:30 a.m. by President Pat Doherty at the Eagle's Nest Resort, Marco Island, Florida. Board members in attendance were: Pat Doherty, Wayne Gruber, Mitch Moore, Bob Kelsey and Jon Udell. Attending from Hilton Grand Vacations (HGV) were: Mona Fohlbrook – Resort Manager, Nelly Rafael – Assistant to the Resort Manager, Neil Hutchinson – Sr. Director Association Management Services, Lael Kilpatrick – Regional Manager Resort Operations and Riki Martin – Administrative Assistant and Acting Recording Secretary. Owners Dick & Sharon Bohrer were in attendance.

**APPROVAL OF PREVIOUS MINUTES**

**MOTION was made by Mr. Gruber and seconded by Mr. Moore to approve the minutes of the March 9 A.M. meeting.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Moore voted aye, Mr. Kelsey voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

**MOTION was made by Mr. Udell & seconded by Mr. Moore to approve the minutes of the March 9 P.M. meeting.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Moore voted aye, Mr. Kelsey voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

**MOTION was made by Mr. Moore and seconded by Mr. Kelsey to approve the minutes of the May 12 teleconference meeting.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Moore voted aye, Mr. Kelsey voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

**RESORT UPDATE**

**Personnel Review**

The Board reviewed the staffing chart presented by Mrs. Fohlbrook. Currently, Eagle's Nest has 26 full/part time staff members.

**RCI Scores and Gold Crown Status**

Mrs. Fohlbrook reviewed the RCI Gold Crown status. Year-to-date, she has spent \$1,300 in guest relations, with \$400 of that in the month of September to appease unhappy RCI guests. The Gold Crown status is important to Eagle's Nest owners as it affects their trading power.

**Delinquency Report/ Association Owned Weeks, Status, Sales Report**

Summary of Accounts

	# of Accounts	Outstanding Balance
Lien Action	0	\$
Foreclosure Action	30	\$ 52,203.81
Other Action	6	\$ 47,022.47
Legal Action on Hold	2	\$ 22,605.99
Association Owned Weeks	9	\$ 24,641.00
<b>Total</b>	<b>47</b>	<b>\$146,473.27</b>

Mrs. Fohlbrook stated the sales team has had success in selling a flex week and a fixed September week (buy one get one free) for \$8,250.

The Board was in agreement to revisit the foreclosure units at the Annual Meeting in March. They requested a breakdown of the flex and fixed Association weeks that were sold.

**Reinstate 4<sup>th</sup> of July Restriction**

Due to extremely high demand for flex reservations during the 4<sup>th</sup> of July holiday, beginning in 2011 we must enforce the restriction which prohibits flex owners from using the holiday for 2 consecutive years, as per Eagle's Nest condominium documents in the Declaration of Covenants, Conditions and Restrictions for flexible use ownership.

If needed, based on the number of requests that come in for weeks 7 through 13 and weeks 24 through 32, item B(2) of the Declaration may also be implemented, which grants preference to be given to those owners who did not receive their desired reservation in the previous year.

**MOTION was made by Mr. Udell and seconded by Mr. Kelsey to enforce the flex restriction which prohibits flex owners from using the July 4<sup>th</sup> holiday for two consecutive years as per Eagle's Nest condominium documents in the Declaration of Covenants, Conditions and Restrictions for flexible use ownership. Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Kelsey voted aye, Mr. Moore voted aye and Mr. Udell voted aye. Motion carried unanimously.**

### **Rental/Insurance Report**

Ms. Kilpatrick stated that she has been working with the corporate office to improve the rental marketing for Marco Island. Monies have been allocated for resales and rental marketing with promotions and discounts for rentals in 2010.

### **Insurance**

The Board had agreed at the November 10, 2008 budget meeting to go out to bid for independent insurance coverage. Proposals from Brown & Brown and IRMS were presented at this meeting. Mr. Gruber recommended IRMS.

**MOTION was made by Mr. Kelsey and seconded by Mr. Udell to authorize Mr. Gruber to contact IRMS for an insurance proposal.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Kelsey voted aye, Mr. Moore voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

### **Sales Report – Tom Schwartzburg**

2009 YTD

Weeks Sold	71	(23 were foreclosure weeks)
Volume	\$538,950	
Average Price	\$7,591	

### **PROJECT ISSUES**

#### **Reserve Projects for 2009**

Most of the unexpected expenses are in capital reserves. As our buildings and plumbing continue to age, unexpected expenses will continue to occur which is why we need to assure we have adequate funding in the capital reserves.

#### **Property Line Update**

North property boundary line issues were resolved last year, with Marriott's moving its fence to the correct north property line and installing mature landscaping along the property line. Mr. Udell suggested speaking to Marco Beach Ocean Resort concerning the location of the fence on the south property line.

Mrs. Fohlbrook discussed using parking at Marco Beach Ocean Resort, which has valet parking service. She feels the parking issue is more important than the fence issue at this time. Ms. Kilpatrick advised that The Charter Club of Marco Beach is looking into adding entrance and exit gates at their property. The gates will probably eliminate Eagle's Nest from using their parking lot.

#### **Defibrillator**

AED (automatic external defibrillator)

After discussion, the Board requested that management seek a legal opinion regarding the legal liability of having AEDs installed at the property. Mrs. Fohlbrook will contact Becker and Poliakoff for a legal opinion on the AED.

### **Walkway Project**

Jeff Anderson of Karins Engineering Group, Inc. joined the meeting 10:50 a.m. – 11:50 a.m. Owner Charlie Shelby joined the meeting via teleconference 10:50 a.m. – 11:50 a.m. Mr. Anderson presented a slide show of the project. Discussion was held on the Tower walkway project.

Based on the information gathered to date, KEG is recommending that Eagle's Nest enter into a contract with CSJ to perform Phase 1 of the work on the Tower walkway. It is recommended that the project carry a contingency of 10% for unforeseen issues that may arise and 10% for engineering fees. Pending the successful completion of this work, the additional phases may then be considered for award to CSJ or, potentially, another contractor.

**MOTION was made by Mr. Udell and seconded by Mr. Moore authorizing the total project as recommended (with the exception of the villa screens on the patios) in the amount of \$713,363 and to further authorize CSJ as the contractor for phase one of the project.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Kelsey voted aye, Mr. Moore voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

Lunch break 12:00 p.m.- 1:00 p.m.

### **FINANCIAL ISSUES**

#### **2010 OPERATING BUDGET/RESERVES**

Board members reviewed the proposed budget for operating and reserves. Cost for replacement and life expectancy adjustments were made to reserve line items.

The Board reviewed financials year-to-date and has addressed the prior year deficit issue. It appears at this time that Eagle's Nest is on track to eliminate the prior year deficit. If, at 2009 year-end, we have not eliminated the deficit, efforts will be made to catch up in 2010 or fund the prior year deficit line in the operating budget of 2011. The Board stated management has done a great job reducing the prior year deficit.

Mrs. Fohlbrook will send a 30 day cancellation notice to Girard Environmental Services for lawn service. She will begin using Ramirez Lawn Service, which is a referral from Chuck Fohlbrook. Davey Pest Control will take over tree trimming. Island Garden Center has gone out of business. She would like to use Square's Landscaping in place of the Island Garden Center. She disclosed that Square's Landscaping is Alisa Square's family business. The Board of Directors was in agreement with these changes.

**MOTION was made by Mr. Gruber and seconded by Mr. Kelsey to accept the 2010 operating budget at \$625 per unit week.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Kelsey voted aye, Mr. Moore voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

**MOTION was made by Mr. Doherty and seconded by Mr. Udell to go to triple sheeting on the unit beds.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Kelsey voted aye, Mr. Moore voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

Prior to a decision being made on the mezzanine carpet replacement, Mr. Kelsey recommended a different type of flooring that looks like tile but is softer. **MOTION made by Mr. Moore and seconded by Mr. Doherty to install carpet and tile as presented by Ehlen Flooring in the amount of \$15,388.00.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Kelsey voted nay, Mr. Moore voted aye and Mr. Udell voted aye. **Motion carried.**

**MOTION was made by Mr. Gruber and seconded by Mr. Udell to authorize management to move \$100,000 from interior reserves to capital reserves and \$100,000 from painting reserves to capital reserves.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Kelsey voted aye, Mr. Moore voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

**MOTION was made by Mr. Udell and seconded by Mr. Doherty to approve the reserve budget at \$231 per unit week.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Kelsey voted aye, Mr. Moore voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

Total maintenance fee at \$856.00, an increase of 4.65%

#### **ARDA**

Mr. Hutchinson discussed the ARDA contributions to the timeshare industry over the past years.

Ms. Kilpatrick asked that the Board allow Hilton Grand Vacations to solicit a voluntary \$3.00 per week donation to ARDA this year on the maintenance fee statement. **MOTION was made by Mr. Gruber and seconded by Mr. Moore to allow Hilton Grand Vacations to include a request for a voluntary \$3.00 per week contribution to ARDA on the maintenance fee statement.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Kelsey voted aye, Mr. Moore voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

#### **WAIVER OF STATUTORY FUNDING OF RESERVES**

**MOTION was made by Mr. Moore and seconded by Mr. Doherty to waive the statutory funding of reserves and recommend to the owners to vote to waive the statutory funding of reserves at the Annual Meeting.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Kelsey voted aye, Mr. Moore voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

### **RESERVES STUDY**

After discussion, the Board was in agreement that a reserves study was not needed at this time.

### **ASSOCIATION DOCUMENTS AND AGREEMENTS**

#### **Change of Florida Statutes**

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

The Board had a discussion on increasing the number of Board members to seven. Mrs. Fohlbrook feels Eagle's Nest has a productive and decisive Board and she sees no need to change the number of Board members. Consultants could be used as needed. Increasing the number would increase the Board member expenses. The Board agreed to have a five member Board and appoint consultants as needed.

#### **Candidate Form**

The Board approved the changes made to the Board of Directors candidate form.

#### **Comerica Bank Declaration Signature**

**MOTION was made by Mr. Moore and seconded by Mr. Kelsey authorizing Mr. Udell to sign the Comerica Bank Declaration form.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Kelsey voted aye, Mr. Moore voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

#### **Board Waiver Form/Collections Resolution Form**

**MOTION was made by Mr. Moore and seconded by Mr. Kelsey to approve the unanimous written consent of the Board of Directors form.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Kelsey voted aye, Mr. Moore voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

**MOTION was made by Mr. Moore and seconded by Mr. Udell to adopt the 2009 assessment billing resolution (attached as an exhibit to these minutes).** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Kelsey voted aye, Mr. Moore voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

Mr. Hutchinson is working with Nordis Direct to provide owners with an option for online voting. The cost to set up the program is approximately \$500 per property plus \$0.06 per interval. More information will be provided as it is available.

The Board thanked Mr. Hutchinson for his input in the meeting.

Mr. Doherty complimented all in attendance for their contributions and productivity at this meeting.

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**FUTURE MEETING DATES**

Annual/Board meeting March 8, 2010

Budget meeting November 8, 2010

**ADJOURNMENT**

**MOTION was made by Mr. Doherty and seconded by Mr. Moore to adjourn the meeting.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Kelsey voted aye, Mr. Moore voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

**Meeting adjourned at 5:00 p.m.**