

**EAGLE'S NEST ON MARCO BEACH  
BOARD OF DIRECTORS MEETING  
FRIDAY, MAY 14, 2010**

The meeting was called to order at 4:00 p.m. by President Wayne Gruber at the Hilton Grand Vacations Regional office, Marco Island, Florida. Board members in attendance via telephone were: Fred Bathon, Sharon Bohrer, Wayne Gruber, Bob Kelsey and Mitch Moore. Attending from Hilton Grand Vacations were: Mona Fohlbrook – Resort Manager, Lael Kilpatrick – Regional Director Resort Operations and Riki Martin – Administrative Assistant and Acting Recording Secretary for this meeting.

**INSURANCE DECISION – IRMS/HGV**

The Board discussed the insurance benefits and coverage with both IRMS and Hilton Grand Vacations (HGV).

**Discussion from board members**

Mr. Moore stated that in his history on the board, this has been the biggest decision the Board of Directors has ever made. The process began 2 years ago when insurance costs kept rising and Hilton Grand Vacations was not providing the detailed information needed. He feels HGV has improved greatly in their communications with the Board.

Mitch reported that after Hurricane Charlie the properties managed by Hilton Grand Vacations were open well before any of the other properties with different insurance programs. They had their first responders positioned to begin work as soon as the bridge was opened. Mitch was at South Seas resort at that time and there were various companies working on their properties. None of those companies were able to perform as well as Hilton Grand Vacations. Unless there is a huge cost savings he does not see a need to change companies.

Mr. Kelsey stated that when he came on the board this process was well underway. His objectives are cost comparison and a savings of \$50,000. He wants to be sure the Board is making an apples to apples comparison. IRMS was looking at a potential savings of \$50,000 which turned out not to be the case. He expressed his concern in the difficulty of getting answers from Hilton Grand Vacations regarding rising cost. After receiving Neil's email anticipating that the premium may go down he feels differently.

Mr. Bathon echoes Mitch's statement regarding Hurricane Charlie. This insurance proposal started as a potential savings of \$50,000 less than the existing policy. Today we know the IRMS proposal has an increase of \$22,000. The IRMS proposal will cost our owners more money. Mr. Hutchinson anticipates the premiums may go down. Mr. Bathon doesn't support moving from Hilton Grand Vacations.

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Mrs. Bohrer has always been very loyal to Hilton Grand Vacations. She would never want to lose Hilton Grand Vacations as the management company. However, she has concerns with the definition of flood insurance with the HGV policy. She is concerned with the increase in cost with IRMS but feels the benefits with IRMS are better and more tailored to Eagle's Nest.

Mr. Gruber agreed with Mitch that rising premiums is what initially started the process. As we got more in depth premium dollar coverage relationship became the driving force more than premium savings. In 2004-2005 HGV management company spearheaded getting Eagle's Nest back into shape. He feels that the insurance company had nothing to do with that. He agreed that HGV did an excellent job after Hurricane Charlie of getting the property open. He has concerned that it took so long for HGV to comment on the possible premium decrease. However, with the things going on in the world today the re-insurance arena is starting to edge their premiums upward. Hilton Grand Vacations has 19 resorts covered under the \$200 million policy. He feels that if there was a Katrina type catastrophe there would not be enough to cover 100% replacement like the policy with IRMS.

Mr. Gruber does not feel premium is the most important issue right now. IRMS coverage is tailored to Eagle's Nest.

IRMS risk management offers the following:

- Semi annual risk review
- Quarterly safety inspections at no charge
- Renewal presentation will be more timely
- Local risk management firm

The HGV definition of windstorm is a named windstorm with sustained winds speeds of 74 mph or greater. Mr. Gruber would like to get additional information concerning the definition of windstorm.

**MOTION made by Mr. Bathon and seconded by Mr. Moore to continue the insurance coverage with Hilton Grand Vacations.** Mr. Bathon voted aye, Mrs. Bohrer voted no, Mr. Gruber voted no, Mr. Kelsey voted aye and Mr. Moore voted aye. **Motion carried.**

The Board thanked Mr. Gruber for all of the work he has done on the insurance proposal.

Mr. Gruber will contact IRMS and HGV with the board's decision.

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

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

APPROVED 6-5-2010