

**EAGLE'S NEST ON MARCO BEACH  
BOARD OF DIRECTORS MEETING  
MONDAY, MARCH 8, 2010**

The meeting was called to order at 8:20 a.m. by President Pat Doherty in the conference room 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.

**APPROVAL OF PREVIOUS MINUTES**

**MOTION was made by Mr. Gruber and seconded by Mr. Moore to approve the minutes of the November 9, 2009 budget 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.**

The Board of Directors held a teleconference meeting on May 22, 2009 with only the board members. Mr. Doherty sent a memo detailing the contents of the teleconference meeting. **MOTION was made by Mr. Kelsey and seconded by Mr. Udell to approve the minutes of the Board of Directors teleconference meeting held on May 22, 2009.** 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. Doherty expressed concern with a procedural problem with Hilton Grand Vacations Club department. An owner who is a club member was in-house week 8 of this year and checked out of his unit early. When a club member checks out early, the unit returns on the reservation matrix to the original available club segment that it was before the owner reservation was booked into the unit. The system then shows the unit available for a club member to check in. His unit was given to a club member for occupancy the remainder of the week. Ms. Kilpatrick worked with Club to resolve the problem and the owner was given club points.

Mitch Moore disclosed to the board that MRM Group Consulting has entered into an agreement with Hilton Grand Vacations Company as a consultant to assess the current sales and rental programs and make recommendations. MRM Group Consulting is Mr. Moore's company.

**FINANCIAL UPDATE**

The Board reviewed the financial report.

As the Treasurer of the Board, Mr. Udell expressed concerns regarding the financial statements. Ms. Kilpatrick and Mr. Hutchinson explained the difficulties associated with moving some of the accounts payable and payroll functions from Orlando to Memphis

and onto a new software platform. The accounting team in Orlando is aware of all the issues and is working directly with the on-site team. Everyone involved is committed to resolve the issues as quickly as possible.

Hilton Grand Vacations Company accounts payable began processing in Memphis last fall. In order to expedite processing beginning March 1, 2010 HOA invoices are sent direct to Memphis rather than Orlando. The management team attended a teleconference meeting with the accounts payable team in Memphis to better understand the process. Invoices will be sent to Memphis via Federal Express twice a week.

### DELINQUENCY REPORT

|                         | Summary of Accounts<br>October 2009 |                     |
|-------------------------|-------------------------------------|---------------------|
|                         | # of Accounts                       | Outstanding Balance |
| Lien Action             | 0                                   | \$                  |
| Foreclosure Action      | 14 owners/16 wks                    | \$26,070.83         |
| Other Action            | 4 owners/6 wks                      | \$47,022.47         |
| Legal Action on Hold    | 2                                   | \$22,605.99         |
| Association Owned Weeks | 9                                   | \$32,089.00         |
| <b>Total</b>            | <b>33</b>                           | <b>\$127,788.29</b> |

Mrs. Fohlbrook reviewed the delinquency status as of 12-31-2009 there were 19 delinquent owners with 22 delinquent weeks.

### Sale of Association Owned Weeks

23 Association owned weeks were sold in 2009 (10 flex and 13 fixed).

### RESORT PROJECT/POLICY UPDATE

The Board reviewed the project list.

To obtain potential savings of the approximate \$24,000 to remove and re-install the awnings in consecutive years, the Board members were in agreement to pursue coordination of the exterior tower painting project presently scheduled in the reserves for 2011, to follow the tower walkway project in June 2010. Mrs. Fohlbrook will obtain specifications to begin the bidding process and determine feasibility.

### **Walkway Project**

Preconstruction meeting is scheduled for March 24 @ 11:00 a.m. with General Contractor, CSJ of SWFL, Inc., Karins Engineering and Sunmaster Awnings.

### **Insurance/AED Update**

The Board reviewed the report prepared by Becker & Poliakoff regarding Automatic Electronic Defibrillators (AED).

**MOTION was made by Mr. Doherty and seconded by Mr. Gruber to proceed further with the research on the Automatic Electronic Defibrillators (AED) to determine the liability exposure to Eagle's Nest.** 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 asked the Board for permission to share with Hilton Grand Vacations in-house counsel and other South Florida associations the information provided by Becker and Poliakoff. The Board agreed to allow the information to be shared.

### **Dining/Coffee Table (paint or replace – sample 1007)**

The Board was in agreement to continue painting the dining room tables and the coffee tables. The cost is approximately \$200 for the dining table and \$125 for the coffee tables.

### **Bath Renovations – Decision for model in 2010**

Mr. Doherty stated that last year the economic climate was different and owners felt the Board should not move forward with the bathroom project. The comments at the weekly owner's meetings this year have been in favor of moving forward with the bathroom renovations. **MOTION was made by Mr. Doherty and seconded by Mr. Moore to create two model bathroom units by fall 2010 in order to consider if the project is financially feasible in the fall of 2011.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Kelsey voted aye, Mr. Moore voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

### **Insurance Proposal**

Mr. Gruber introduced Sam Neidigh, Risk Manager – Business Insurance Division of Insurance and Risk Management Services, Inc. (IRMS)

Mr. Neidigh thanked the Board of Directors for allowing him to present his proposal and distributed the Risk Management Summary to board members and management representatives.

He reviewed the coverage proposal and questions were asked. The underwriters are continuing to work on the premium cost.

Mr. Gruber stated that Mr. Hutchinson has been most helpful with providing Hilton Grand Vacations insurance policy information. Mr. Neidigh agreed with Mr. Gruber.

**Auditor's Report – Myers, Brettholtz & Company**

Steve Brettholtz's report stated, "In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eagle's Nest on Marco Beach Condominium Association, Inc., as of December 31, 2009, and the results of its operations and its cash flows for the year then ended are in conformity with accounting principles generally accepted in the United States of America."

As a recap of the years' 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)

**MOTION was made by Mr. Doherty and seconded by Mr. Moore to approve the audit.** 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. Gruber and seconded by Mr. Kelsey to authorize Mr. Udell to sign the representation letter with Myers, Brettholtz & Company.** Mr. Doherty voted aye, Mr. Gruber voted aye, Mr. Kelsey voted aye, Mr. Moore voted aye and Mr. Udell voted aye. **Motion carried unanimously.**

**ADJOURNMENT**

**MOTION was made by Mr. Moore and seconded by Mr. Doherty 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 10:20 a.m.**