

**CLUB REGENCY OF MARCO ISLAND
ANNUAL MEETING
FRIDAY, JANUARY 11, 2008**

The meeting was called to order at 10:00 a.m. by President, Ralph Pearman at Club Regency of Marco Island. Board members in attendance were: Jan Brehm, Jim Chinavare, Judge Pearman, Dr. Pineno and Arnold Zimmerman. Attending from Hilton Grand Vacations (HGV) were: Tony McHugh –Resort Manager, Roberto Trejos – Assistant to the Resort Manager, Ada Grzywna – Regional Director Resort Operations, Lael Kilpatrick – Regional Manager Resort Operations and Riki Martin – Administrative Assistant and Acting Recording Secretary for this meeting.

A sign-in sheet was circulated for the owners present in lieu of a formal roll call. There was a call for outstanding proxies. A quorum was established.

Judge Pearman introduced the Club Regency staff and the Hilton Grand Vacations management team.

APPROVAL OF PREVIOUS MINUTES

The minutes of the 2007 Annual meeting were sent to the owners in the newsletter in 2007. A copy was included in the agenda packet distributed to the owners in attendance. Judge Pearman asked if there were any corrections to the minutes. **MOTION was made and seconded to approve the minutes of the 2007 Annual Meeting.** All voted in favor. **Motion carried.**

MANAGERS REPORT

Mr. McHugh introduced his staff and thanked the owners for attending the meeting.

2007 PROJECTS

Beach boardwalk completed
New gas grills
New pool furniture
Replaced unit carpeting
Lanai resurfacing
Replaced unit entry doors & installed electronic door locks
Replaced unit air handlers
Unit water heaters rewired to code compliance
New unit ovens
Pool deck & clubhouse hallway resurfaced
New clubhouse computer
Wireless installation & phone lines reduced
Office carpet replaced
Roof repairs to E building

BOARD OF ADMINISTRATION REPORT

Judge Pearman thanked the board members for their hard work and support. It is the board's obligation to preserve the owner's investments. Club Regency has never had a special assessment and if the board ever anticipated a special assessment they would most likely have a vote of the owners. We have had several request for bathroom refurbishment, the bids are extremely high. The board appreciates all comments and suggestions from the owners.

Dr. Pineno thanked the owners for attending the meeting. Thanks to Judge Pearman for his leadership and all the work of the board members. He also thanked Mr. McHugh and his staff and Hilton Grand Vacation for their help in a smooth transition of resort manager.

Ms. Brehm feels the resort looks wonderful as the landscaping has grown in well following the hurricane. The board appreciates the owners comments. It helps in the deliberations as we attempt to make decisions for the owners. Marco City Code has come into effect over the past few years so Club Regency is playing catch up in some areas to become compliant.

Mr. Chinavare agreed with the comments by the other board members and thanked the owners for their continued support.

FINANCIAL REPORT – Arnold Zimmerman

1. I am pleased to be able to report to you once again that the financial condition of Club Regency is good. Following are some of the details that I believe that you will find of interest.

2. The financial records through December 31, 2006 have been audited by the CPA firm Myers, Brettholtz & Company, PA of Ft. Myers. A copy of that report is available to any owner who may request a copy. This firm has been engaged to audit the financial records for the year ending December 31, 2007.

3. Unaudited internal figures through November 30, the latest available, report the following:

	<u>2006</u>	<u>2007</u>
Cash in the operating fund	\$ 123,704	\$ 134,059
Cash in the reserve fund	548,462	511,838
Cash in the real estate escrow	<u>7,516</u>	<u>8,578</u>
	<u>\$ 679,682</u>	<u>\$ 654,475</u>

The related increase in the operating fund cash is \$10,355. The decrease in the reserve fund cash is \$36,624

Some of the details were mentioned earlier, but the total amount we have spent during the year on capital improvements and replacements is \$ 318,121.36. The balance in the reserve fund is \$ 518,268 on November 30.

Our operating fund profit for 2007 through November 30 is \$13,975 and is in a positive variance of \$12,446 from the budget. Considering an annual budget of \$896,949, this is approximately a 1.4% variance.

While the actual and budget amounts show a positive variance of \$12,446 for the 11 months, there are variances in certain categories of income and expense that produce this result as follows:

Revenue	\$ -5,247
Administration	-15,601
Operating services and supplies	12,412
Utilities	-2,105
Grounds	13,900
Pool and Spa	-480
Recreation	355

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Building	11,719
Insurance and taxes	1,993
Profit on sale of association weeks	<u>-4,500</u>
Total	<u>\$12,446</u>

4. Annual Maintenance fee:

	2006	2007	2008	Statutory
Operating	\$467.25	\$549.60	\$565.05	\$565.05
Reserve	<u>148.79</u>	<u>157.68</u>	<u>167.14</u>	<u>295.61</u>
	<u>\$616.04</u>	<u>\$707.28</u>	<u>\$732.19*</u>	<u>\$860.66</u>

*This represents an increase of 3.5% which is approximately the U.S. rate of inflation.

Comparison with other properties on Marco Island

Surf Club	\$854.14
Charter Club	786.56 **
Eagle's Nest	762.00

** This is for weeks 1-51. Week 52 is \$908.74

INSURANCE REPORT

A schedule of insurance was included in the agenda packet. The Association has property insurance under an umbrella policy for Hilton Grand Vacations including all risk perils, flood and windstorm at 100% replacement cost with a \$25,000 primary deductible. The perils of flood and "windstorm" for a named storm (with sustained winds of at least 75 mph within 25 miles of shore) have a deductible of 5% of the property value, but buy-down insurance was purchased to bring it down to \$100,000. The broker is Marsh; the primary carriers are ACE, Lexington, Commonwealth, Columbia Casualty, and Lloyd's of London. Public liability insurance coverage for the Association continues in effect for injury or damage to third parties with limits well in excess of \$100 million. Directors and Officers liability insurance of \$5 million and crime insurance as required by the State are also maintained.

RESALES REPORT

2007 Total Sales Volume	\$358,900
Total Number of Weeks Sold	29
5 Association Weeks Sold	\$19,500
2006 Total Sales Volume	\$506,650
Total Number of Weeks Sold	40

RENTAL REPORT

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Nights Available	760	911	823
Nights Rented	484	610	495
Occupancy	63.7%	67.0%	60.1%
Gross Revenue	\$133,584	\$157,976	\$132,223
Average Rate	\$276.00	\$258.98	\$267.12
Weeks Available for Rental	104	124	119
Weeks with Rental Activity	85	97	85
% with Rental Activity	81.7%	78.2%	71.4%
Weeks renting 4 or more nights	71	79	71
% getting 4 or more nights	83.5%	81.4%	83.5%

RATIFICATION OF BUDGET

Judge Pearman advised that the proposed 2008 operating and reserve budget was sent to each owner with the maintenance fee statement and a copy was included in the agenda packet distributed at this meeting. **MOTION was made and seconded to ratify the 2008 budget as presented.** All owners voted in favor. **Motion carried.**

TELLER'S REPORT

There were 1,108 unit weeks represented, both in person and by proxy, out of a possible 1,632 unit weeks, which represents 68 % owner response.

WAIVER OF STATUTORY FUNDING OF RESERVES

There were 605 votes to waive the statutory funding of reserves and 17 votes not to waive the statutory funding of reserves. Therefore, the waiver of statutory funding of reserves was approved and the reserve funding will remain at the level approved in the 2008 budget.

ELECTION OF BOARD MEMBERS

There were seven candidates seeking election to fill the two seats available on the Board of Administration. The candidates receiving the highest number of votes were: Judge Ralph Pearman and Arnold Zimmerman who were elected to serve a three-year term. The current Board of Administration is: Jan Brehm, Jim Chinavare, Judge Pearman, Dr. Pineno and Arnold Zimmerman.

ADJOURNMENT

MOTION was made and seconded to adjourn the meeting. All owners voted in favor. **Motion carried.**

Meeting adjourned at 11:10 a.m.