

**TORTUGA BEACH CLUB CONDOMINIUM ASSOCIATION, INC.**  
**SPECIAL OWNERS MEETING**  
**March 12, 2009**

The Special Owners Meeting was called to order at 1:50 p.m. by President John Hanson in the Clubhouse at Tortuga Beach Club, Sanibel Island, Florida. All Board members were in attendance: Jim Burner, Bob Buechel, Bonnie Dehn, John Hanson and Beryl Munson. Attending from Hilton Grand Vacations Company (HGVC) were Betsy Cain – Resort Manager, Cindi Koehler – Assistant to the Resort Manager, Katy McBride – Front Desk, JoAnn Malloy – Recreation, Milli Jones – Vacation Counselor, Dick Stuurwold –Maintenance Supervisor, Dana Oxley, Tony Laezza and Mike Jeffery – Maintenance Staff, Randy Piatt – Vice President of Resort Operations, E. J. Nees – Director of Resort Operations, Sanibel/Captiva, and Cindy Glasenapp – Administrative Assistant and acting Recording Secretary for this meeting.

Mr. Hanson noted that the purpose of this meeting was to ratify the existing By-laws to

keep a staggered, two-year term for Directors. A sign-in sheet was circulated for all owners present to sign in lieu of a roll call. There was a call for outstanding proxies. A quorum was established.

**TELLER'S REPORT – Cindi Koehler**

There were 1,425 unit weeks represented, both in person and by proxy, out of a possible 2,700 unit weeks, which represented 52.7% owner response.

There were 1,391 votes (51.5%) to ratify the existing By-laws to keep a staggered, two-year term and 10 votes against. A staggered, two-year term has been ratified as of this meeting.

There being no further business, ***MOTION was made and seconded to adjourn.*** All voted in favor. **Motion carried.**

**Meeting adjourned at 2:00 p.m.**

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**TORTUGA BEACH CLUB CONDOMINIUM ASSOCIATION, INC.**  
**ANNUAL MEETING**  
**March 12, 2009**

The 2009 Annual Meeting was called to order at 2:00 p.m. by President John Hanson in the Clubhouse at Tortuga Beach Club, Sanibel Island, Florida. All Board members were in attendance: Jim Burner, Bob Buechel, Bonnie Dehn, John Hanson and Beryl Munson. Attending from Hilton Grand Vacations Company (HGVC) were Betsy Cain – Resort Manager, Cindi Koehler – Assistant to the Resort Manager, Katy McBride – Front Desk, JoAnn Malloy – Recreation, Milli Jones – Vacation Counselor, Dick Stuurwold –Maintenance Supervisor, Dana Oxley, Tony Laezza and Mike Jeffery – Maintenance Staff, Randy Piatt – Vice President of Resort Operations,

E. J. Nees – Director of Resort Operations, Sanibel/Captiva, and Cindy Glasenapp – Administrative Assistant and acting Recording Secretary for this meeting.

Mr. Hanson welcomed the owners to the meeting and introduced the Board members, the Resort Staff and HGVC's regional staff. A sign-in sheet was circulated in lieu of a roll call. There was a call for outstanding proxies. A quorum was established.

**APPROVAL – PREVIOUS MINUTES** – The minutes of the 2008 Annual Meeting were published in the newsletter during 2008 and were also included in the agenda packet

distributed at the meeting. ***MOTION was made and seconded to approve the minutes of the 2008 Annual Meeting as presented.*** All voted in favor. **Motion carried.**

#### **MANAGER'S REPORT – Betsy Cain**

Betsy stated that we all survived the pavers project and the bathroom remodeling project! She thanked all of the owners for attending the annual meeting, and those sending back their proxies. We needed to make sure we had the 51% approval to ratify our existing by-laws to keep a two-year term for directors. Cindi Koehler did a great job of encouraging the owners to send in their votes.

Betsy thanked the Board of Directors for their service this past year. As the resort is getting older, the Board is faced with more and more challenges. Betsy noted that the Board does their research, and they do a great job for all 2,700 weeks' owners, not just the owners in the time frame they own. Betsy also thanked HGVC's regional staff, E. J. Nees, Randy Piatt, Cindy Glasenapp, and her wonderful group of employees, Cindi Koehler, Katy McBride, JoAnn Malloy, Milli Jones, Dick Stuurwold, Dana Oxley, Mike Jeffery and Tony Laezza for all that they do.

Betsy reported that the big project for this year is going to be front door and lock system replacement. Our lock parts are no longer being manufactured. We had stockpiled parts hoping to postpone the replacement, but we can't wait any longer. The project will begin the first week of maintenance (May/June). The representative from the door company was at the Board Meeting this morning. His biggest concern is that the doors are being made to fit correctly. Also this morning, the Board approved replacement of master bedroom mattress and box spring sets in buildings F and G. We will continue to use the Serta mattress that is made for Hilton Hotels. They were put in buildings A through E last year, and we haven't had any complaints about them.

#### **BOARD OF DIRECTORS REPORT**

##### **John Hanson**

Mr. Hanson noted that the Board has been a great group of people to work with who are focused on what's best for Tortuga.

Mr. Hanson wanted to clear up a misunderstanding that the Board wanted to eliminate the Dunes membership. We are not! We will always have a golf membership because it is called for in our condominium documents. The Board is planning to do a survey on the Dunes usage to try to find out how many people use the amenities at the Dunes. Knowing that information can help us in negotiating the contract next year. We had extreme difficulties the last time negotiating the last contract, and feel that a survey will give us a lot of valuable information. Most of all, keep in mind that we'll have a golf membership, and we would prefer to stay at the Dunes. Mr. Hanson urged the owners to complete the survey and get it back promptly. Our goal is to get the survey out some time in April.

An owner asked if the Dunes could give us that information. Mr. Hanson answered that we tried; they don't have that information. When asked if the company was solvent, Mr. Hanson replied yes, they are under the Blackstone Group, but different from HGVC.

##### **INSURANCE REPORT – Randy Piatt**

The Hilton Grand Vacations Company master property insurance program, which renewed June 1, 2008, provides coverage for the Association. The program is a layered structure comprised of multiple insurance carriers with a \$150,000,000 limit, per occurrence and in annual aggregate. This limit provides full replacement value coverage. Evidence of Property Insurance was included in the agenda packet distributed at this meeting. Generally, the program insures against perils resulting in direct physical loss or damage to the real and/or personal property at the resort for "All Risks" including flood, earthquake, and named windstorm. In addition, the policy extends coverage for landscaping, the pool,

tennis courts, debris removal, code upgrades and for reimbursement of maintenance fees and taxes for an insurable loss with certain qualifications. Deductibles under the policy are determined for any one occurrence of an insurable event and vary depending on the type of peril experienced at the resort property. Again, generally all insurable losses will have a \$25,000 deductible, with the exception of named windstorm, earthquake, and flood. Earthquake and flood deductibles are 2% and 5% respectively of the values. Named windstorm deductibles are 5% of the value at the time of loss. Your association also has a deductible buy down feature for named windstorm losses which reduces the deductible to \$100,000. In addition to property coverage, Hilton maintains for each Association insurance policies for general liability, terrorism and Directors & Officers coverage. Limits and deductibles are stated in the Certificate of Insurance included in the agenda packet distributed at this meeting.

Mr. Piatt hopes that the 2009 hurricane season passes us by again. Unfortunately Tortuga is sitting on a barrier island in the hurricane belt which is not a place the insurance companies are anxious to insure. Property insurance renews in June. We don't know what the insurance market is going to do; the premiums may not get any more reasonable, but HGVC will do everything they can to keep premiums down without jeopardizing any of the coverage.

Mr. Hanson noted that we're paying a whole lot less by going through Hilton. The risk is spread over a broader base - over all the properties managed and developed by HGVC.

An owner asked if the rental of units to non-owners has any impact on our liability insurance. Mr. Piatt replied that it does not. The liability insurance is spread over all Hilton properties, not just HGVC, and the premium is pennies per unit week.

#### **FINANCIAL REPORT – E. J. Nees**

In accordance with Florida statutes, an audit of the 2008 financial statements was prepared by an independent auditor. Mr. John Lopez of Myers, Brettholtz & Company, P.A. of Fort Myers met with the Board this morning to review the draft of the audit. A clean opinion was issued. An audit is not mailed to each owner but will be available in about a month upon request to the Resort Manager.

At year end 2008, Operating cash was \$1,108,046; Reserve cash was \$95,469 and there were five CDs totaling \$498,000 (each 100% guaranteed by FDIC) earning approximately 4.5%.

In 2008, total Operating revenues were \$1,976,308, total Operating expenses were \$2,031,719 resulting in a deficiency of revenues over expenses of \$(55,411). The beginning Operating Fund balance on January 1, 2008 was a deficit of(11,985), and with the 2008 deficit, resulted in a fund balance of (67,396) at December 31, 2008.

Reserve funds at December 31, 2008 totaled \$567,958, and by component were: \$206,541 – Interior Reserve; \$84,171 – Roof; \$124,149 – Painting; \$19,294 – Paving; and \$133,803 – Capital Improvements.

An owner asked where the funds were invested. The Association has no stocks. The funds are in certificates of deposit getting 4.5% interest.

#### **RENTAL UPDATE – E. J. Nees**

Of the nights available for rent in 2008 through Hilton Grand Vacations, 73.7% were rented. The average nightly rate was \$286.55. Eighty-seven percent of the weeks available for rent received rental proceeds for 4 or more nights. While the tourism industry in general experienced a significant slow down in the latter half of 2008, Tortuga Beach Club maintained its good occupancy and held a steady average rate. Unfortunately, the outlook for 2009 is not as optimistic. Even in the traditionally high

season months of February, March, and April, demand is off significantly and the occupancy is suffering. Even with some stabilization in the economy, recovery will be slow and it could be a lean year or two for owners who are trying to rent their weeks. However, Tortuga is above the average for the rentals on the Island.

#### **RESALES UPDATE – Milli Jones**

Thirty-seven weeks were sold at Tortuga Beach Club through Grand Vacations Realty last year for a total volume of \$433,350, an average price of \$13,496. Year-to-date 2009, two weeks have been sold at a dollar volume of \$23,050.

**2009 BUDGET** – The 2009 budget was sent to each owner with the maintenance fee bill. A copy of the budget was also included in the agenda packet distributed today. Mr. Hanson asked if there were any questions on the budget. ***MOTION was made and seconded to ratify the 2009 budget as presented by the Board of Directors.*** All voted in favor. **Motion carried.**

#### **GENERAL DISCUSSION:**

Ms. Nees expressed appreciation to Betsy for her 25 years of working with Hilton Grand Vacations Company. She stated that it has been a real pleasure to have worked with Betsy for a long period of time.

Ms. Nees noted that almost 90% of the 2009 maintenance fees have been paid by the end of February, and we are ahead of collections from last year. There are 17 weeks that have come back to the Association for non-payment of 2008 fees. They will be put up for sale only to the owners; there will be some good deals. If they don't sell to the owners, we'll put them up for sale through the real estate office, but the Board wants to offer them to the owners first. This is a Gold Crown resort and they would be good for exchange.

An owner asked the estimated cost of the doors and locks. The cost of the doors, locks, doorbells and unit number signs is

approximately \$183,060 and is budgeted in the Reserves.

#### **TELLER'S REPORT – Cindi Koehler**

There were 1,425 unit weeks represented, both in person and by proxy, out of a possible 2,700 unit weeks, which represented 52.7% owner response.

#### **STATUTORY FUNDING OF RESERVES:**

There were 941 votes to waive statutory funding of reserves and 21 votes not to waive the statutory funding of reserves; therefore the reserve funding will remain at the level approved in the 2009 budget.

**ELECTION:** There were seven candidates seeking election to fill the three seats available on the Board of Directors. The candidates receiving the highest number of votes were Jim Burner, Bonnie Dehn and John Hanson, who were elected to serve a two-year term. The current Board of Directors is: Bob Buechel, Jim Burner, Bonnie Dehn, John Hanson and Beryl Munson. Jim, Bonnie and John were congratulated on their re-election.

There being no further business, ***MOTION was made and seconded to adjourn.*** All voted in favor. **Motion carried.**

#### **Meeting adjourned at 2:21 p.m.**

After the meeting adjourned, the Board, staff and owners participated in recognizing Betsy for her 25 years of total dedication and amazing leadership for Tortuga Beach Club.