

TORTUGA BEACH CLUB CONDOMINIUM ASSOCIATION, INC.
ANNUAL MEETING
March 11, 2010

The 2010 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: John Hanson – President, Jim Burner – Vice President, Bob Buechel – Secretary/Treasurer, Bonnie Dehn – Director and Beryl Munson – Director. Attending from Hilton Grand Vacations Company (HGVC) were Betsy Cain – Resort Manager, Cindi Koehler – Assistant to the Resort Manager, JoAnn Malloy – Recreation, Milli Jones – Vacation Counselor, Dick Stuurwold – Maintenance Supervisor, Dana Oxley, Tony Laezza and Mike Jeffery – Maintenance Staff, 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 for all owners present to sign in lieu of a roll call. There was a call for outstanding proxies. A quorum was established.

APPROVAL – PREVIOUS MINUTES – The minutes of the 2009 Special Owners Meeting and the 2009 Annual Meeting were published in the newsletter during 2009 and posted on the website www.hgvc.com/tortugabeachclub. A copy was also included in the agenda packet distributed at the meeting. *MOTION was made and seconded to approve the minutes of the 2009 Special Owners Meeting and the 2009 Annual Meeting as presented.* All voted in favor. **Motion carried.**

MANAGER'S REPORT – Betsy Cain

Betsy advised that this is her 26th year of being at Tortuga Beach Club. She stated that Tortuga is the best resort on Sanibel Island, has the best Board of Directors and the best employees!

Betsy reported that the Board got a lot accomplished at their meeting this morning. We are very excited about getting the remainder of the bathrooms remodeled in 2010. Buildings D and E will be done in May, and Buildings F and G in December. Week 50 will be a challenging week . . . instead of having 16 bathrooms to complete, we will be doing 32! Another project that will be done at the same time in Buildings D and E will be removing the old ceramic tile in the hallways and kitchen and installing new porcelain tile. Carpeting will be replaced in all buildings this year as well. The Board looked at the carpet in a model unit today and decided to get more samples to look at. In 2010, we will start replacing the beachside stairs beginning with Buildings A, B and C. The Board has chosen a Brazilian hardwood that will last forever with very low maintenance. The scheduling has not been determined yet.

BOARD OF DIRECTORS REPORT – John Hanson

Mr. Hanson asked Vice President Jim Burner to explain about the deal that was negotiated with the Dunes. He advised that Jim has been working on this for some period of time and has done a marvelous job in getting a great contract for the Tortuga owners. Mr. Burner explained that we're in the last year of a three year contract with the Dunes. Last year we asked them to consider waiving an increase in 2010 and they agreed. There was no increase in 2009 or 2010. They also agreed to no increase for 2011, and in 2012, we'll be paying 70% of the regular family membership fee. Currently we are paying 73%. It will be a 5-year contract. The Board approved the verbal agreement this morning. Appreciation was expressed to Mr. Burner on the successful negotiations.

Mr. Hanson encouraged owners to let the Board know if you have any concerns and comments.

INSURANCE REPORT – E. J. Nees

The Hilton Resorts Corporation master property insurance program, which renewed June 1, 2009, provides coverage on behalf of the Association in accordance with the management agreement. The program is a large layered structure, comprised of multiple insurance companies, with a \$200,000,000 blanket loss limit, per occurrence for any one loss or disaster. This limit more than adequately covers the full replacement value of the property. 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 real and personal property at the resort for “All Risks” including flood, earthquake, and named windstorm. The policy also includes an extension of coverage other expenses due to loss or damages, including for example: landscaping, pool, tennis courts, debris removal, code upgrades (ordinance and law), reimbursement of maintenance fees, as well as others. Deductibles under the policy are determined for any one occurrence of an insurable event and will 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 actual value per unit of insurance, subject to a minimum loss each occurrence. Named windstorm deductibles are 5% of the actual value per unit of insurance, subject to a minimum loss for each occurrence. Your association also participates in a deductible buy down feature for named windstorm losses which effectively reduces the deductible from the previously stated 5% per unit of insurance to \$100,000 per occurrence. Finally, in addition to the property coverage above, Hilton maintains for each Association insurance policies for general liability, terrorism, and Directors & Officers coverage. Limits are stated in the Certificate of Insurance included in the agenda packet distributed at this meeting.

FINANCIAL REPORT – E. J. Nees

An audit of the 2009 financial statements was prepared by an independent auditor, in accordance with Florida statutes. Mr. Steve Brettholtz 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 upon request to the Resort Manager.

In 2009, total Operating revenues were \$2,272,589; total Operating expenses were \$2,115,358 resulting in an excess of revenues over expenses of \$157,231, which absorbed the prior year deficit (the Board had budgeted towards the deficit in the 2009 budget). The beginning Operating Fund balance on January 1, 2009 was a deficit of (67,396), and at December 31, 2009 was \$89,835.

Reserve funds totaled \$800,412 at December 31, 2009, and by category: \$420,913 – Interior, \$127,481 – Roof, \$163,250 – Painting, \$27,963 – Paving and \$60,805 – Capital Improvements (There will be a reclassification adjustment to the Interior and Capital Improvements Reserves, but the total balance will remain the same).

RENTAL UPDATE – E. J. Nees

Of the weeks available for rent in 2009 through Hilton Grand Vacations, 77.7% were rented. The average nightly rate was \$294.01. Eighty-three percent of the weeks available for rent received rental proceeds for 4 or more nights. Transient rental business in Florida was severely impacted in 2009 by a myriad of factors, not least among them, the tight economy. HGVC has engaged a new marketing company and for the first time in its history feels they have to offer promotions and discounts during the high season months of February, March and April just to help generate traffic to the resorts. At this meeting last year

the forecast for a rebound in 2009 was dim, and initial reservations reflected that. HGVC is looking for a very slow recovery which may take several years to accomplish.

RESALES UPDATE – Milli Jones

Sixty-eight weeks were sold at Tortuga Beach Club through Grand Vacations Realty last year for a total volume of \$533,750. Year-to-date 2010, sixteen weeks have been sold at a dollar volume of \$138,900. Listing prices range from \$5,500 to \$40,000.

Mr. Hanson advised that Milli Jones and Joanne Peters are doing a great job selling weeks for the Tortuga owners.

2010 BUDGET – The 2010 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 2010 budget as presented by the Board of Directors.*** All voted in favor. **Motion carried.**

GENERAL DISCUSSION:

Director Bonnie Dehn advised that this was the first time on-line voting was offered, and we had close to 30% of our owners who voted on line. Good for us!

An owner stated that this is a very well maintained facility, but the maintenance cost on these units is getting very high, especially in comparison with a unit they own on the east coast. Another owner who owns units in two other resorts on the Island agreed that the fees are higher here, but their other units don't have golf privileges and some other things provided here. It's competitive with what he's seen on the island. Mrs. Dehn added that yes, maintenance fees have gone up, but electric bills, gas, insurance all have gone up, here and at our homes. The Board really adheres to the numbers and only does projects as needed. She stated that the basic facility is getting older, and just like ourselves, has to have replacement parts. She gave the staff credit for recognizing what needs to be repaired in a timely manner so it doesn't get into a condition that makes it harder and more expensive to replace.

Mr. Hanson stated that the Board is focusing on keeping Tortuga a great resort.

TELLER'S REPORT – Cindi Koehler

There were 1,335 unit weeks were represented, both in person and by proxy, out of a possible 2,700 unit weeks, which represented 49% owner response.

STATUTORY FUNDING OF RESERVES: There were 1,187 votes to waive statutory funding of reserves and 38 votes not to waive the statutory funding of reserves; therefore the reserve funding will remain at the level approved in the 2010 budget.

ELECTION: There were five candidates seeking election to fill the two seats available on the Board of Directors. The candidates receiving the highest number of votes were Bob Buechel and Beryl Munson, 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. Mr. Buechel and Mr. Munson 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 2:34 p.m.**