

**EAGLE'S NEST ON MARCO BEACH
ANNUAL MEETING
MONDAY, MARCH 9, 2009**

The meeting was called to order at 10:00 a.m. by President Charlie Shelby on the mezzanine level at Eagle's Nest Resort, Marco Island, Florida. Board members in attendance were: Sharon Bohrer, Pat Doherty, Mitch Moore, Charlie Shelby and Jon Udell. Chandler McKelvey, Eagle's Nest's Assistant Treasurer, also attended. Attending from Hilton Grand Vacations (HGV) were: Mona Fohlbrook – Resort Manager, Nelly Rafael – Assistant to the Resort Manager, Randy Piatt – Regional Vice President Resort Operations and Riki Martin – Administrative Assistant and Acting Recording Secretary for this meeting.

Mr. Shelby introduced the Board members and management team.

The Board of Directors thanked Mr. McKelvey for his service to the Board. Mr. McKelvey had advised the Board members that today's meeting would complete his final year serving as Assistant Treasurer.

A sign-in sheet was circulated for owners present to sign in lieu of a formal roll call. A quorum was established. Mr. Shelby requested submission of all outstanding proxies.

APPROVAL OF PREVIOUS MINUTES

Mr. Shelby asked if there were any corrections to the minutes of the Annual Meeting held on March 10, 2008. **MOTION was made by Mr. Hanner and seconded by Mrs. Baechle to approve the minutes of the Annual Meeting held on March 10, 2008.** All voted in favor. **Motion carried.**

REPORTS:

Manager's Report

Projects completed in 2008

- Wireless service to almost all units
- Installation of boosters for wireless system
- 3 computers in lobby computer room
- Installation of flat top ranges in villas
- Modernized elevators in villas
- Foot wash station at south area of boardwalk
- Change of valves in pump room
- Replace copper line in Tower
- Jetted out the kitchen lines
- Electricity added for TV cable in guest bedrooms
- Plaza waterproofing completed
- Heat exchangers for pool and spas to reduce gas cost

2009 Projects

- 32 inch living room TVs
- Begin installation of flat top ranges in Tower
- Replace mattresses as needed in Tower
- Install flag pole with American and state flag

Board of Directors Report

Pat Doherty

He and his wife Jeanne live in Northfield, Illinois. They purchased at Eagle's Nest in January, 1983 and have vacationed here every year for the past 26 years. The resort looks terrific, thanks to Mrs. Fohlbrook and her staff.

Sharon Bohrer

Mrs. Bohrer is concluding her third term on the Board of Directors. She reminded owners that pool talk should remain as positive as possible. Negative conversation and spread of misinformation can be damaging to our image to potential buyers, renters and exchange guests. If owners have questions or concerns, please contact Mrs. Fohlbrook or Board members.

Mitch Moore

Mr. Moore stated that the resort is in great shape and the staff is doing a good job. The Board of Directors will miss Mrs. Bohrer, Mr. Shelby and Mr. McKelvey. He thanked the owners and said it is an honor to serve on the Board.

Jon Udell

Mr. Udell thanked both Mrs. Bohrer and Mr. Shelby for the amount of time they have devoted to Eagle's Nest. Mrs. Fohlbrook has a remarkable staff and a special thanks to Luis Pastrana for the great job he is doing in the housekeeping department. It is the best it has been in 20 years.

Charlie Shelby

Eagle's Nest has several upcoming major projects which will take extensive scheduling and financial planning. They are walkway resurfacing, screen frame replacements, handrail replacements and bathroom renovations. Those projects will cost between \$2,500,000 and \$3,000,000.

Eagle's Nest has begun networking with other Hilton Grand Vacations managed properties to take advantage of experience on projects they have completed, problems they have solved and general idea sharing. Mr. Shelby thanked all the owners for attending the Annual Meeting.

Financial Report

Mr. McKelvey stated that, in 2008, unit cleaning was considerably more expensive and came in over budget. Eagle's Nest has returned to in-house cleaners. Utility costs have increased and steps are being taken to reduce costs. The flood in early 2008 cost \$20,000 and did not meet the \$25,000 deductible. The deficiency for 2008 was 3.8%.

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, 2008, 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."

Insurance Report

The Hilton Grand Vacations Company master property insurance program, which renewed June 1, 2008, provides coverage for the resort on behalf of 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 the Association full replacement value coverage for the resort. 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 the recovery of cost and expenses to the Association due to business interruption (including timeshare owner fees), service interruption, boiler & machinery damage, debris removal, landscaping, loss of access to the property, demolition and increased cost of construction (a/k/a Law & Ordinance), etc. 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. Generally all insurable losses will have a \$25,000 deductible, with the exception of a named windstorm, earthquake or flood. Earthquake and flood deductibles are 2% and 5% respectively of the values affected and determined separately for each unit of insurance (i.e., building, contents). Named windstorm deductibles are 5% of the value of each unit of insurance at the time of loss. All Florida resorts, with the exception of Orange County, also have a deductible buy-down feature for named windstorm losses which reduces the deductible to \$100,000 per "Location". A "Location" is a group of resorts valued together within a certain defined area, for example Marco Island. In addition to property coverage, Hilton maintains for each Association insurance coverage for general liability, auto (where applicable), terrorism, and Directors & Officers coverage at limits and deductibles as stated in the schedule of insurance previously supplied and noted above.

Rental Report

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Nights Available	3372	3308	2320
Nights Rented	2526	2648	1355
Occupancy	74.9%	80.0%	58.4%
Gross Revenue	\$688,008	\$723,569	\$342,873
Average Rate	\$272.37	\$273.25	\$253.04
Weeks Available for Rental	466	462	390
Weeks with Rental Activity	404	430	249
% with Rental Activity	86.7%	93.1%	63.8%
Weeks Renting 4 or more Nights	336	380	195
% getting 4 or more Nights	83.2%	88.4%	78.3%

COMMENTS:

Eagle's Nest was not open during the early part of 2006, due to Hurricane Wilma, which partially explains the lower numbers for that year. While the tourism industry in general experienced a significant slowdown in the latter part of 2008, Eagle's Nest maintained a 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.

Resales Report

2008

Number of Weeks Sold 95
 Dollar Volume \$1,169,250

YTD 2009

Number of Weeks Sold 13

NEW BUSINESS

Ratification of 2009 Budget

**MOTION was made and seconded to approve the 2009 budget as presented.
 Motion carried.**

Discussion from the Floor

Q. What does Eagle's Nest need to do going forward to insure it maintains the Gold Crown and keeps the property first class? A. RCI has raised the bar on meeting the qualifications for Gold Crown. Many projects need to be done in order to be competitive and trendy. Owners should keep in mind when returning to Eagle's Nest on an RCI exchange that giving bad ratings on the RCI comment cards will bring our property scores down. If you have a problem or concern, please make time to meet with Resort Manager Mona Fohlbrook to discuss your issues rather than expressing dissatisfaction on RCI comment cards.

Q. An owner who purchased pre-construction does not feel the Jacuzzi tub needed to be removed from the master bathroom. She felt a cost analysis should be done. A. Parts for the Jacuzzis have been discontinued. All units will have one tub and one shower. Installation of a quality bathtub is a must, Mrs. Fohlbrook said.

Q. An owner inquired if the beach equipment rental concession contract comes up for renewal each year, as he had concerns with the quality of the umbrellas. A. It comes up for renewal every three years. You may want to mention your concerns to Regency Watersports.

Q. An owner who owns weeks in villa 2106 would like a reserved parking space for check-in and check-out days, since there is no elevator to that unit. A. Mrs. Fohlbrook explained that such a request would not be possible, as there are not enough covered parking spaces for all villa owners and Eagle's Nest can not give preferential parking to some and not to all villa owners.

Q. An owner suggested last year removing the game room and adding a salon for manicures and pedicures. What is the amount of revenue the game room generates? A. At this time, we are not pursuing any changes as to the use of the game room. The game room generated revenue of several thousand dollars in 2008.

TELLER'S REPORT

There were 1,257 unit weeks represented, both in person and by proxy, out of a possible 4,800 unit weeks, which represents 26.2 % owner response.

Waiver of Statutory Funding of the Reserves

There were 1,193 votes to waive the statutory funding of reserves and 59 votes not to do so. Waiver of statutory funding of reserves was approved; therefore, the reserve funding will remain at the level approved in the 2009 budget.

Election of Directors

There were 12 candidates seeking election to fill the two seats available on the Board of Directors. The candidates receiving the highest number of votes were Wayne Gruber and

Bob Kelsey. Thanks to the owners for their participation in the election and in the Annual Meeting.

Vote results per candidate:

Wayne Gruber	832
Bob Kelsey	356
Paul Puccio	319
Marc Schultz	232
Phil Figgins	196
Joe Conticchio	184
William Nolan	131
Ignas Labanauskas	111
Alan Jacobenta	109
John Femia	51
Steven Huss	51
Edward Harpen	14

FUTURE MEETING DATE

Annual meeting is scheduled March 8, 2010.

ADJOURNMENT

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

Meeting adjourned at 11:10 a.m.