

Approved 3-9-2009

**EAGLE'S NEST ON MARCO BEACH
ANNUAL MEETING
MONDAY, MARCH 10, 2008**

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, Wayne Gruber, Charlie Shelby and Jon Udell. Attending from Hilton Grand Vacations (HGV) were: Mona Fohlbrook – Resort Manager, Nellie Rafael – 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 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 5, 2007. **MOTION was made and seconded to approve the minutes of the Annual Meeting held on March 5, 2007.** All voted in favor. **Motion carried.**

REPORTS

Manager's Report

Projects Completed in 2007

- New furniture/drapes/bed spreads
- Window/sliding door replacement
- Dining room chairs
- Refrigerator replaced in Tower building
- Mattress replacement in two bedroom units completed
- New foot wash & shower at south boardwalk

2008 Projects

- Replacement of all Tower and villa TVs
- Villa elevators to be upgraded
- Replacement of one bedroom villa mattresses

Board of Directors Report

Mr. Shelby introduced the Board of Directors and Management team.

Pat Doherty lives 20 miles north of Chicago. He and his wife began vacationing at Eagle's Nest in January, 1983, and now own 9 weeks. This is his third term on the Eagle's Nest Board of Directors. He thanked Mr. Shelby for all of his leadership on the window/door project.

Sharon Bohrer

Mrs. Bohrer owns 15 weeks at Eagle's Nest and is serving her third term on the Board of Directors. One of her roles as a Board member is to help beautify the resort. Eagle's Nest has wonderful owners who are very loyal to the resort. The Board members take every owner's needs into consideration when making decisions. We have many upcoming structural projects to consider due to the age of the property. However, these items may not be as visible to our owners and guests as is, for instance, the new furniture. She thanked the owners for their support.

Jon Udell

Mr. Udell stated there are two wonderful components to Eagle's Nest: the staff and the owners. He and his wife own 20 weeks at Eagle's Nest and are enjoying 10 weeks this year. He is serving his first term on the Eagle's Nest Board of Directors.

Wayne Gruber

Mr. Gruber was elected to the Board of Directors in 1997, as was Mr. Chandler McKelvey. During his tenure, Eagle's Nest has had three resort managers and he feels Mona is the best yet. His introduction to the Board of Directors was the massive Robb & Stuckey furniture fiasco.

Additional projects completed during his terms

- Tower lanai spalling, concrete repairs
- sun deck and boardwalk replacement
- pool and spa remodeling
- revised by-laws
- cooling tower replacement
- villa roof replacement
- identified and repaired the major underground water leak in maintenance office area
- soft goods refurbished twice
- two special assessments, the first for \$50 and the second for \$125
- Hurricane Wilma renovations

Mr. Gruber thanked Mr. Shelby for all of his work on the window/door project.

Charlie Shelby

Mr. Shelby gave an overview of the window/door project. The success was due to excellent planning, cooperation, coordination by Karin's Engineering, contractor R.L. James and Eagle's Nest staff. Specifics:

- \$1,800,000 – Approved budget amount
- \$1,767,000 – Actual cost of project
- 500 - # of project engineer hours on project
- 426 - # of window and door units replaced
- 45 - # of workers on site for Tower work
- 21 - # tower units completed per week
- 8 - # of weeks to complete villas
- 3 - # of weeks to complete Tower

In 2007, Tower elevator update --- new drive, gear box and pulleys.

Projects planned for 2008

- High speed Internet research
- Waterproofing the plaza and fountain area
- Replacement of sanitary sewer line

Financial Report – Chandler McKelvey

2007 ended with a loss of 3% of revenue. This was caused by a change in accrued employee vacation time by Hilton Grand Vacations, which occurred late in the year.

2008-to-date is almost exactly on budget. There are no indications of any problems. Reserves are adequate for the upcoming projects.

Audit Report

Steve Brettholtz of Myers, Brettholtz and Company, PA

Mr. Brettholtz stated that, in their opinion, the financial statements present fairly, in all material respects, the financial position of Eagle's Nest on Marco Beach Condominium Association, Inc. as of December 31, 2007. The results of its operations and its cash flow for the year then ended are in conformity with accounting principles generally accepted in the United States of America.

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" for a named storm (with sustained winds of at least 75 mph within 25 miles of shore). They 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.

The step (lip) on the threshold of the sliding glass doors is not an issue at this point. We are going to observe traffic flow and will not alter the threshold at this time.

Rental Report

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Nights Available	3308	2320	2892
Nights Rented	2648	1355	2243
Occupancy	80.0%	58.4%	77.6%
Gross Revenue	\$723,569	\$342,873	\$585,766
Average Rate	\$273.25	\$253.04	\$261.15

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Weeks Available for Rental	462	390	460
Weeks with Rental Activity	430	249	349
% with Rental Activity	93.1%	63.8%	75.9%
Weeks Renting 4 or more Nights	380	195	310
% Getting 4 or more Nights	88.4%	78.3%	88.8%

COMMENTS:

This report may not be very informative as the numbers have been skewed because of the closures due to Hurricane Wilma and the pool project.

An owner asked: Can Eagle's Nest use an owner's unit if the owner does not come for his/her week? No, the unit remains vacant.

Resales Report

2007

Number of Weeks Sold	68
Dollar Volume	\$853,800

YTD 2008

Number of Weeks Sold	14
Dollar Volume	\$248,500

NEW BUSINESS

Discussion from the floor

Q. Will the TV from the living room be moved to the guest bedroom? A. We would like to use the old TVs, if possible.

Q. Are we going to have Internet connection in the units? A. We are researching the options available. It would cost \$30,000 - \$60,000 to retrofit the building. The Board decided at the morning meeting to add more work stations to the Internet room and increase the signal in the bistro area.

Q. Would it be possible to replace the master bedroom armoire with a bureau to sit the TV on top of? A. The armoire is not scheduled for replacement on the next refurbishment cycle.

Q. Are we going to proceed with the bathroom remodeling? A. Mrs. Fohlbrook and Mrs. Bohrer are going to research the options for both bath rooms and will present their findings to the Board of Directors at the November meeting.

Q. An owner stated the bathroom looks fabulous and does not feel it should be changed.
A. We are looking into replacing one tub with a walk-in shower.

Q. Why are we removing the wallpaper in the units? A. Wallpaper is not suitable to use in our environment because it traps moisture.

Q. When was the window/door replacement project completed? A. The project was completed in three weeks in December 2007. Three weeks ago, we had a driving rain and have identified an area that still needs to be resealed at the end of the track.

Q. Is there an additional cost to repair the leak at the sliding glass doors? A. No, that is part of the original cost.

Q. Would we be able to mount a TV on the guest bedroom wall? A. The area between the frame of the door and the closet is 19 inches and is too small. The most cost effective installation is in the closet.

Q. What was yesterday's water leak in Tower units? A. An air conditioning line on the seventh floor broke and the 02 and 03 units were affected. The repairs were minor and are being completed as we speak. The water damage remediation will cost roughly \$18,000, which is less than our \$25,000 deductible. Maintenance staff will be resetting the air conditioners.

Q. The owner in unit 1103 is missing a picture in the master bedroom. A. Just fill out a maintenance slip and they will have a picture hung.

Q. An owner stated she is very pleased with all the amenities and thanked the Board of Directors for all their hard work.

Q. Why is Eagle's Nest now rated an RCI Silver Crown Resort? A. RCI has increased the scores needed to qualify as Gold Crown. Our maintenance and housekeeping, although adequate for the old rating scale, were not adequate for the new scale. Eagle's Nest is currently meeting the new Gold Crown scores, but we must maintain this level until August, 2008, when RCI considers the past 12 months average in order to rate properties for the coming year.

Q. An owner complained that the front desk was not forwarding their phone calls to the correct unit. She also had a problem with the TV and was not given accurate information about listings. A. Mrs. Fohlbrook will speak to the owner after the meeting on the specifics of her problems.

Ratification of 2008 Budget

MOTION was by made Mr. Collins and seconded by Mr. Hicks to approve the 2008 budget as presented. Motion carried.

TELLER'S REPORT

There were 1,460 unit weeks represented, both in person and by proxy, out of a possible 4,800 unit weeks, which represents 30 % owner response.

Waiver of Statutory Funding of the Reserves

There were 1,306 votes to waive the statutory funding of reserves and 49 votes not to do so. Waiver of statutory funding of reserves was approved; the reserve funding will remain at the level approved in the 2008 budget.

Election of Director

There were 11 candidates seeking election to fill the one seat available on the Board of Directors. The candidate receiving the highest number of votes was Mitch Moore. Congratulations to Mitch Moore on his election. Thanks to the owners for their participation in the election and in the Annual meeting.

Vote results per candidate:

Byron Bekiares	78
Joseph Conticchio	180
David Hodgkinson	106
Alan P. Jacubenta	18
Robert L. Kelsey	97
Carter Moore	175
Mitch Moore	327
Marianne Pilling	104
Paul S. Puccio	120
Marc E. Schultz	107
Fawn M. Stager	48

ADJOURNMENT

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

Meeting adjourned at 11:10 a.m.