

Minutes
CARIBBEAN BEACH CLUB ASSOCIATION, INC.
Board of Directors Regular Meeting
Ft. Myers Beach, FL

March 3, 2014

I. CALL TO ORDER/ROLL CALL

President John Vary called the meeting to order in the Owner Clubhouse at 8:35 a.m. at Caribbean Beach Club, Ft. Myers Beach, Florida. The following persons were in attendance:

Board of Directors:

John Vary, President
Dave Zibolski, Vice President
Tom Andres, Treasurer
John Thomson, Secretary
Ed O'Connor, Director
Tony Annunziato, Director
Dick Garrett, Director

Vacation Resorts International (VRI):

Jan Samson, Sr. Vice President of Resort Operations, VRI
Jeff Wharton, Director of Resorts, VRI

Caribbean Beach Club:

Laurie Meier, General Manager

Owners:

2 owners present.

II. NOTICE VERIFICATION/QUORUM

Management stated that meeting notice was posted in the Board approved location in accordance with the condominium documents and Florida Statutes.

A quorum was established with seven of seven Board members available in person.

III. APPROVAL OF MINUTES

MOTION: Richard Garrett moved to approve the January 7, 2014 Board of Directors, Board Meeting minutes as submitted.

Changes:

Item III. Last sentence

7:35 p.m. Joe Takacs, President of TheMVPSERVICE & ~~Timeshare Liquidators~~ joined the meeting via teleconference

Item IV A. End of paragraph

Jan Samson reiterated the offer from Timeshare Liquidators.

MOTION: Richard Garrett moved to approve the January 7, 2014 Board of Directors, Board Meeting minutes as amended. The motion was seconded by David Zibolski and approved unanimously.

IV. FINANCIALS/COLLECTIONS

A. Variance Report

Management reviewed and explained year-to-date variances of overages greater than \$150.00.

B. VRI Response to Tom Andres' Questions

Treasurer Tom Andres reported that he did not have adequate time to review his financial questions or the January financial statements as he had not received them from VRI until February 28th. Their review will be included in a subsequent meeting.

C. Delinquency

Management reviewed the latest delinquency status at 649 intervals, representing 28.92% of the owner base. There was heavy discussion amongst the Board members and VRI regarding this increased percentage and the effect on the 2014 budget which is based upon 19.88%.

Active Accounts	198
Payment Plans	50
Collection (1 st)	13
Collection (2 nd)	10
Uncollectable	13
Bankruptcy	9
Deed back	8
Foreclosures	118
Association	230
New Owners	<u>0</u>
	649

As of March 2014, the delinquency rate is 28.92%. Management compared the results against the previous years, as of March 2013 – 568 accounts or 25.3% delinquency. There was a lengthy discussion amongst Board members and VRI regarding how this will affect the 2014 budget which was based on VRI's projection of a 19.88% delinquency. History does show that the delinquencies are reduced as the year progresses.

D. Deed Back Status Report

Management submitted a status report of deed back activity by Wilkinson Title.

After considerable discussion, it was noted that VRI's report showed 8 deed backs and Wilkinson Title's report showed 4 deed backs. VRI is to follow up on this issue as we need to make sure what the correct number is and to avoid repetitive billing for the same matter.

E. Foreclosure Status Report

a. General Report

Management submitted a foreclosure report recently updated by Greenspoon Marder, the Florida law firm recommended by VRI to handle our foreclosures. David Zibolski inquired about several accounts that were listed as dismissed. VRI indicated that these may be accounts in which foreclosure was started but then withdrawn because an owner indicated they would turn in the title but then never did. This resulted in a restart of the foreclosure process.

The Board suggests that accounts should not be accepted as deeds-in-lieu and then removed from the process after foreclosure has been started.

Non-judicial Foreclosures – A cost proposal and estimate of court timelines was discussed. Management had earlier advised that they were also soliciting a quote from Greenspoon Marder but no quote was included in their presentation booklet. Management advised that their quote was in the CBC office. NO proposals from Greenspoon Marder were presented.

MOTION: Richard Garrett moved to accept a proposal from Jim Staack to complete non-judicial foreclosures at a cost of \$300.00 per interval and NO proposals from Greenspoon Marder were presented. The motion was seconded by Ed O'Connor.

MOTION: Dave Zibolski moved to table the discussion until the afternoon session and the Greenspoon Marder proposal could be reviewed. The motion was seconded by Tony Annunziato and approved unanimously.

Afternoon Session:

Management came back to report that there was no proposal submitted by Greenspoon

Marder and that they had verbally advised the Board President of that. The Board President stated that he had no recollection of any such conversation.

MOTION: Richard Garrett moved to approve Jim Staack to conduct non-judicial foreclosures. The motion was seconded by Tony Annunziato and approved unanimously.

Dave Zibolski had been excused from the meeting and did not participate in this vote.

b. DePonte Matter

Ed O'Connor reviewed the history of Mr. DePonte's non-payment and submittal for foreclosure. John Vary suggested that Greenspoon Marder spoke on behalf of the Association and agreed to the terms. Mr. Vary directed management to ask the court to revoke the dismissal and restart the foreclosure process.

MOTION: Dave Zibolski moved to request that VRI ask the court to revoke the dismissal of the DePonte agreement and restart the foreclosure proceedings on the delinquent balance as soon as practicable. The motion was seconded by Richard Garrett and approved unanimously.

F. Tax Appeal

a. General Update

Bryan DeP Potter of Ryan LLC reported to management that there were not sufficient grounds for appealing the 2013/2014 tax assessment for CBC. They will review the 2014/2015 TRIM notice once we supply it to determine if we would have a viable appeal of that bill.

b. Unit Specific

David Zibolski advised that a motion of March 25, 2013 remains open. That motion addressed the fact that management had been asked at that time to correct and reallocate the percentages of the efficiency, 1 bedroom and 2 bedroom units. Management advised that they had not yet done this.

MOTION: Davis Zibolski moved to demand that VRI have the percentages of the tax billing for appropriate allocation based on the unit type as previously directed on March 25, 2013. The motion was seconded by Richard Garrett and approved unanimously.

Jan Samson stated that the direction from the County's statement that we can change the allocation to reflect whatever we want was a new/different instruction than previously given to VRI.

The response date for this motion is March 24, 2014.

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V. **MANAGER'S REPORT**

A. John Denasi Recognition

John Denasi was called to action to assist an owner by providing CPR. Mr. Denasi's courageous and expedient actions were commendable in helping with a critical situation.

MOTION: Ed O'Connor moved to approve the President providing a letter to John Denasi for the actions above his call of duty and a copy placed in his personnel file. The motion was seconded by Tom Andres and approved unanimously.

B. RCI Comment Card Scores

Management reported on the most recent RCI comment card scores and emphasized how important and essential each owner's experience is when very few reports are submitted. Several Board members noted that some of the recent category scores were not satisfactory and of concern. It was also noted that there were very few cards received for January and February which influenced those monthly scores.

C. Wi-Fi Status Report

Upon completing the Wi-Fi install and final review by January 31st, the system has been performing well, with little to no interruptions. A portal page with the resort logo and picture of the pool has been set up and a premium internet service is available to guests who wish to have higher levels of internet speed.

D. Well Monitoring

The last sampling of wells was completed in September, 2013, with the next sampling scheduled for Tuesday, March 4, 2014.

E. 113/213 Condition Report

Conditions have not changed since the previous report. The area will continue to be monitored during high rain and storm conditions.

F. Goals & Objectives Update

Management submitted an update to the previously stated goals and objectives action plan and reviewed progress from the task force event last year. Laurie Meier reviewed: detailed maintenance spreadsheet monitoring exterior issues, work order program and tracking methods, completed projects list, room detail tracking lists, preventive maintenance checklists, and housekeeping inspection program. Each department is involved with regular and consistent meetings with hourly and contract labor personnel to address evolving issues, monitor checklists, and to discuss measures to improve standards throughout the resort.

Ed O'Connor suggested that management is not complying with the 20 hour minimum Activity Program. A copy of the program is to be presented to the Board of Directors at the next meeting for their review to confirm that management has a program that involves 20 hours of activities throughout the resort.

G. Staffing Distribution

Management reviewed the current staffing situation and coverage of each area.

H. Completed Projects

Management reviewed a completed projects list (exhibit attached).

I. Future Projects 2014 - 2015

Management provided a list of recommended projects (exhibit attached).

VI. UNFINISHED BUSINESS

A. Committee Reports

Each Ad Hoc Committee submitted an update on the progress report and recommendations.

a. Web Site – Dave Zibolski

Dave Zibolski queried management as to their responsibilities regarding review and content changes to the CBC web site. It was noted that per Board motion of August 13, 2013, financials were to be posted to the web site and that this has yet to be done. He also noted that the web site has several typo errors, is missing approved Board minutes, the color scheme and layout are not user-friendly, and that information is not placed in a manner that is intuitive to the user. Management was directed to have the web site updated within the competencies and contract time allowances of the contract with the web designer. Dave Zibolski will have sole authority to ratify changes processed through management prior to their being made live.

b. Axis Lawsuit – Ed O'Connor, John Vary

Ed O'Connor to draft an update for inclusion as an attachment to these minutes and posting on the web site.

c. 2019 Committee Report – Dave Zibolski, Tony Annunziato

Dave Zibolski stated that the committee has received minimal response from owners.

MOTION: Ed O'Connor moved to have the 2019 committee look into timeshare in perpetuity

and provide a budget of \$2,000.00 for legal expenses. The motion was seconded by Dave Zibolski and approved unanimously.

B. Water Shutoffs

Management provided a current proposal and rough sketch to install new supply lines to each building at the recommendation of the contractor. Tony Annunziato recommended a different approach on the south side after review of the certified prints for a shorter line to the building. Mr. Annunziato recommended securing an estimate to locate all underground lines.

After reviewing the proposal and walking the property, Mr. Kingsnorth recommended installing a new tap to the south building, removing any abandoned lines, and locating the source of the south building connection.

VII. NEW BUSINESS

A. Interior Design Presentation

As directed by the Board of Directors, management provided an Interior Decorator to present various design schemes for the property. Dawn Sena from Sena Hospitality Design presented three different design scheme packages to improve and upgrade the interior of the units. Ms. Sena underlined each design with a color direction and theme, using patterns, fabrics, materials and accents. Ms. Sena provided samples of case goods, lighting ideas, tiles and fixtures to create the overall feeling of each theme.

Board members asked which items Ms. Sena would recommend as top priorities. They were bedding, granite, lighting and artwork.

MOTION: Ed O'Connor moved to authorize Sena Hospitality to provide the Board of Directors with an estimate for the four top items recommended and a cost per unit within the next 30 days. The motion was seconded by Richard Garrett and approved unanimously.

VI. UNFINISHED BUSINESS (cont.)

C. Pool Lighting

Management submitted recommendations to enhance the ground area surrounding the interior of the pool. Ed O'Connor commented that there is no need to install new lighting around the pool area when all that is necessary is to repair the existing light posts and shower posts.

MOTION: Ed O'Connor moved to have management proceed and obtain estimates for repair and/or replacement of the pole lighting and shower posts, to include repair of wiring of the poles as necessary. The motion was seconded by John Vary and approved unanimously.

D. Balcony Repair Per Arnold-Sanders Study

Upon receiving information from the bi-annual balcony inspection as required by the State of Florida, Arnold-Sanders completed and provided recommendations for repair. Laurie Meier pointed out the areas of concern with additional detail and provided an extensive list of conditions that need to be addressed prior to painting the building. Elias Brothers provided the report and will work with management to establish a scope of work for the structural defects and painting of the exterior per manufacturer specifications.

E. Replacement of Norfolk Island Pine

Management submitted a report on what caused the damage to the Norfolk Island Pine and subsequent removal. Estimates were provided with recommendations to replace with palm trees in that area.

MOTION: Richard Garrett moved to abandon replacement of the trees. The motion was seconded by Dave Zibolski and approved unanimously.

F. Balcony/Lanai Smoking

Ed O'Connor suggested a revised smoking policy to limit smoking on the walkway areas around the property and establish certain areas designated for smoking within the common area. No action was taken.

Tony Annunziato suggested enforcing a fire code to limit smoking within six feet of the grill areas. Management will post appropriate signage.

VIII. SALES REPORT

A. General Sales Report

a. General Sales Report

T.J. Bryant from TheMVPSservice reported on sales activity for Association and Owner inventory:

2013 – 57 total sales, 37 Association, and 20 Owner, and 9 RCI Points conversions.

2014 – 23 total sales to date, 3 Association, 20 Owner, and 0 RCI Points conversions.

b. TheMVPSservice Marketing Approach

T.J. Bryant reviewed the new marketing program involving additional personnel to book appointments, new activity support, and future mini vacations using Association inventory to accommodate 3 day stays to tour the property.

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c. Status of POS Filing

Jan Samson reviewed Joe Takacs' status report of the POS filing in progress.

B. Rental Protocols and Results (continued until later in the meeting)

C. Title Transfer Process

No discussion.

D. On-Site Sales Vendor Proposals

No new on-site vendor proposals were reviewed.

E. Off-Site Sales Vendor Proposals

Joe Takacs provided a detailed sales guarantee with an estimated 5 sales per month per year, with conditions that in the event the guarantee was not met, TheMVPSERVICE will be responsible for the maintenance fees for the following year. Other parameters were included in the overall program overview.

MOTION: Ed O'Connor moved to approve a proposal for enhanced sales & sales guarantee as proposed with non-prime weeks 16 – 51 and the right of cancellation with a 30 day notice with/without cause, and reduce the proposal to a written document approved by the Board of Directors and Association attorney. The motion was seconded by John Vary.

Ed O'Connor asked for a roll call vote.

Approved: Ed O'Connor, Richard Garrett, John Vary.

Opposed: Dave Zibolski, Tony Annunziato, John Thomson, Tom Andres.

The motion failed.

Jan Samson provided an update on Timeshare Liquidators' previous offer that has been changed due to the recent formation of a club by the company. An offer of 1.5 cents per point is the potential offer. Mrs. Samson will provide additional information as it is updated.

Jan Samson reported that the Board of Directors was given the Timeshare Liquidators' proposal in October, informing them that the company would not include a formal contract with the offer to sell weeks off-site, and the TheMVPSERVICE proposal is for the Board to approve; however, the formal contract is a Delegation Agreement between VRI and TheMVPSERVICE. John Vary advised that the Delegation Agreement may not be valid per our current contract with VRI dated November, 2013.

B. Rental Protocols and Results (continued)

Two owners reported receiving incorrect information through the reservation department and the CBC office. Additionally, the online reservation service was down several times between January and February. Mr. Zibolski confirmed this through his own experience as well. Mr. Zibolski stated he believes the system is inadequate and inaccurate.

Jan Samson responded and outlined that the recent system downtime was a first in the history of VRI and explained how the proprietary system is constantly updated. She also advised that there were training issues at their central office and at our location and that both staffs had completed training during February.

Dave Zibolski exited the meeting.

IX. NEW BUSINESS

A. Insurance for Resort

- a. Appraisal (postponed until later in the meeting)
- b. Broker of Record

MOTION: Richard Garrett moved to require that the Broker of Record for the property insurance also be the Broker of Record for the flood policy. The motion was seconded by Ed O'Connor and approved unanimously.

c. Flood

John Vary commented that the current Broker will propose flood coverage this year to keep all lines of insurance under one Broker.

a. Appraisal (continued)

Management provided signed agreements for the current appraisal schedule. Mr. Vary suggested a 2 year appraisal with GAB Robins.

d. All Other Insurance Needs

John Vary commented that Caribbean Beach Club is insured to 98% of value and suggested that the Association may cover for less insured to value for the property. Mr. Vary will ask the current Broker to review.

A. Dune Modification

Management reported that the landscaping company removed vegetation in front of the north building to address the invasive species overtaking the natural plants originally designated for that area, for replanting of the area. A call was made to the Department of Environmental Protection to review any concerns with the protected areas and to obtain recommendations for replanting of the area.

B. Interior Design Presentation (previously reviewed)

C. Picnic Table Proposal

Management presented a condition report and submitted ideas to replace the two north-side picnic tables with an expansion of the area to allow more space for owners to gather further away from the units.

MOTION: Ed O'Connor moved to table the decision until the Board of Directors has more time to discuss the plan at the August meeting. The motion was seconded by Richard Garrett and approved unanimously.

MOTION: Ed O'Connor moved to approve a picnic table, option #3 model #EST8-P, green in color. The motion was seconded by Richard Garrett and approved unanimously.

D. Drainage – South Building

Postponed until the August Board meeting.

E. Ratification of Contracts

Management stated that one contract was entered into since the previous meeting. 1. Retainer agreement for Jim Staack law firm to conduct non-judicial foreclosures. This was incorrect as Board President John Vary had not executed that agreement. The tabled motion regarding this was then brought forward and management stated, contrary to their earlier representation, that they had no proposal from Greenspoon Marder and further that they had verbally so advised the Board President of that fact. The Board President stated that he had no record of that conversation. The management company offered none in rebuttal of that statement. Without competitive bids, Mr. Garrett's early motion was then voted upon and approved 6 - 0.

1. Retainer agreement for Jim Staack law firm to conduct non-judicial foreclosures.

MOTION: Richard Garrett moved to ratify the contract as presented. The motion was seconded by Tony Annunziato and approved unanimously.

2. Well Replacement

Management submitted two proposals to repair the well or install a new pump on the existing well to consolidate well activity to one location.

MOTION: John Thomson moved to accept Irrigation Plus for the \$5,900.00 proposal, plus permits. The motion was seconded by John Vary and approved unanimously.

F. Pertinent Statutory and Regulatory Changes Affecting the Association

Management submitted various Florida legislative updates from 2013 and other pertinent information provided by the Department of Business & Professional Regulation.

MOTION: Ed O'Connor moved to require posting of the notice of meeting at the coffee machine and next to the elevator as per the direction of the Board of Directors. The motion was seconded by Tom Andres and approved unanimously.

G. System 9900 Interruption

Jan Samson reported on the recent interruption with the VRI computer system. The event was unexpected and disrupted the system for 3 days with additional time involving reservations. The entire IT department worked day and night to bring the system to the original condition with the redundant back-up system in place.

H. Owner Correspondence - Responsibilities and Process

The Board of Directors reviewed the policy by which the President of the Board is to respond to owners with concerns. VRI may communicate and copy the Board of Directors if the situation is severe or if in doubt.

X. OWNER COMMENTS

Bob Kingsworth spoke to the Board about locating the water shut-off valves and replacing some of our current piping. He offered his assistance with these projects.

5:05 p.m.

MOTION: Ed O'Connor moved to close the regular meeting and move into Executive Session. The motion was seconded by John Thomson and approved unanimously.

MOTION: Richard Garrett moved to close the Executive Session and move into regular meeting. The motion was seconded by John Thomson and approved unanimously.

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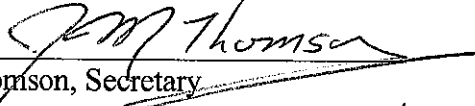
XI. FUTURE MEETING DATES

MOTION: Richard Garrett moved to set a March 24, 2014 meeting date for a teleconference at 7:00 p.m. local time. The motion was seconded by Ed O'Connor and approved unanimously.

The future meeting dates and revised start times are as follows:
March 24, 2014 – 7:00 p.m. Teleconference meeting
August 25-26, 2014 – 8:30 a.m. – Budget Workshop
October 27, 2014 – 8:30 a.m. – Budget and Annual Meetings

XII. ADJOURNMENT

There being no further business, the meeting was adjourned at 6:10 p.m.

BY: 
John Thomson, Secretary

DATE: May 22 / 2014

EXHIBIT

Caribbean Beach Club

3/3/14

COMPLETED PROJECTS

October 2013 – present

Replaced pool heater compressor (under warranty).
Purchased pool vacuum.
Replaced lights on dock.
Dock repair and staining.
Rebuilt serving table.
Built sample of trash can holder – South building.
Changed electrical outlets for televisions in South building units.
New deadbolts in South building units.
Replaced screens in front of units in South building.
FCR work in 113 and 213 with AS inspection and follow-up.
Balcony inspection – specs for vendor bids.
A/C installation in North building.
Removal of two trees struck by lightning.
Added lights to '7600' street signs.
Pool housing – area completely organized.
Re-routing of gutters/downspouts.
Replacement of damaged downspouts.
Painted wood trim on exterior of South building beach end.
Replaced screen door on 112.
Crushed shell spread under North building back area and walkway areas.
Old worn Exit signs were replaced.
Old rusted conduit from exterior of South building was replaced with new.
Old damaged exterior lights in South building were replaced.
Signs replaced on grills.
'Property of' decals placed on boats.
Staff reviews.
Continuation of RCI – ask for 5's Standard.
Sunday welcome calls to all exchangers.
Received Silver Crown Designation.
All staff completed HR Discrimination training.
Started using booking.com as a rental source.
Detail inspections of all units – creation of Task Force and Unit Needs worksheet.
 Tracking of unit repairs.
 Tracking of unit needs.
Quarterly order for Housekeeping/unit items.
Implemented monthly servicing of bicycles.
Plastic cups in units.
Scissors in units.
Hairdryers in units.
'Behind the toilet' shelves in (most) units.
Additional over-the-door hooks in units.

In Progress On-site

Sanding and painting of hand railings.

Removing old sprayed in foam sealant from exterior of AC units South building.

Framing in AC units exterior South building.

In Progress of Information Retrieval/Board Approvals

Supply well.

Water shut-off/water lines.

Tree replacement.

Balcony repair.

Picnic table replacement.

Drainage – South building.

Interior design.

Tree review with landscaper.

Clearing review – DEP.

EXHIBIT

CARIBBEAN BEACH CLUB FUTURE PROJECTS 2014-2015	
Projects to consider for 2014	Projects to consider for 2015
replace south and center building A/C units as needed Art Work/Mirror/lamp replacements Paint/Waterproof Exterior buildings Range top replacements Refrigerator Replacement Water Heaters - large Dining room chair replacement Laundry Room Paint/Upgrade WIFI System Upgrade Well Replacement	replace south and center building A/C units as needed A/C Units Elevator Room Asphalt Sealcoat/Rejuvenation interior door replacement ice machine replacement pool and grounds lighting upgrade
Additional Recommendations for 2014	Additional Recommendations for 2015
purchase 4 new bicycles purchase final 6 mattress sets drainage system South building replace outdoor light fixtures on buildings replace exterior conduit South building replace steel conduit North building Water Lines/Shutoffs replace picnic tables South building area purchase 6 mattress sets replace linens & bedspreads	replace microwaves replace boats landscaping changes repave the pool deck and common areas new fencing around pool replace all outdoor chairs and small tables replace outdoor chairs outside of front doors paint unit interiors

EXHIBIT

AXIS LAWSUIT

Update supplied by Ed O'Connor.

On April 15th, a panel of three judges randomly selected from a pool of fourteen will hear the Appeal by Axis Insurance of the Summary Judgment granted to Caribbean Beach Club by the Trial Judge. It will also hear our cross appeal of that judge's ruling severely limiting the interest on that judgment.

The Appellate panel has many options open to it, complicated by the fact that there are two appeals. We are hoping they will affirm the Summary Judgment and reverse the ruling on interest. However, there is the possibility that they will reverse the Summary Judgment in our favor and send the entire matter back to the Trial Court for a jury trial on the issue of Axis's liability. That would delay the resolution of this matter by many months and is beyond anyone's control. There are other options too complicated to discuss in the space provided.