

## **Marriott Vacation Club of Aruba Cooperative Association**

**September, 29 2009**

### **Fall Board Meeting**

The Fall Board Meeting of the Board of Directors of the Marriott Vacation Club of Aruba Cooperative Association was held on Tuesday 29 September, 2009, in the Amsterdam I Meeting Room at the Aruba Marriott Resort & Stellaris Casino, 101 L.G. Smith Boulevard, Palm Beach, Aruba.

**Present from the Marriott Vacation Club of Aruba Cooperative Association Board of Directors were:** Frank Knox, President, Steve Richards, Vice-President, Melissa Pericolosi, Treasurer/Secretary, Anthony Lifrieri, Director and Michael Reilly, Director

**Present from Marriott Vacation Club® International were:** Dirk Schavemaker, Senior Vice President Resort Operations; Troy Asche, Regional Vice President Florida-Caribbean; Dave D'Amato, Regional Director of Finance; Corey Guest, Aruba Ocean Club General Manager; John Douglas, Aruba Marriott Resort Complex Director of Finance; Ricardo Vrolijk, Aruba Ocean Club Director of Finance; Shahayra Morales, Aruba Accounting Manager; Lillian Britten, Aruba Ocean Club Director of Rooms Operations; Daniel Aguirre, Aruba Ocean Club Chief Engineer; Gail Sahit, Aruba Ocean Club Executive Administrative Assistant, acting as Recording Secretary.

### **CALL TO ORDER**

The meeting was called to order at 8:00 a.m., Eastern time.

### **ESTABLISHMENT OF QUORUM**

With all Board Members present, quorum was met.

### **APPROVAL OF AGENDA**

A motion was made by Steve Richards to approve the September 29, 2009 Agenda. The motion was seconded by Melissa Pericolosi and unanimously carried.

### **APPROVAL OF MEETING MINUTES**

A motion was made by Melissa Pericolosi to waive the reading of the minutes of July 6, 2009 and that they be approved as presented. The motion was seconded by Anthony Lifrieri and unanimously carried.

### **RESORT OPERATIONS REPORT**

Corey Guest presented the Operations Report. Detailed information was provided to the Board Members regarding the following:

- Management changes
- Occupancy percentages
- Feedback from Owner receptions
- Cost Savings Initiatives and 2010 Risk Factors
- Vacation Experience Enhancements
- Guest Satisfaction Survey results

Melissa Pericolosi inquired about the criteria for a Marriott Vacation Club resort to be nominated for Resort of the Year. This will provide great public relations for the resort as well as give recognition to the great work done by the staff. Steve Richards agreed that scores reflect the great attitude and service of the staff.

Chief Engineer, Daniel Aguirre presented updates on:

- On-going villa and lobby renovation
- Engineering enhancements

Management proposed the two (2) following enhancements:

- The walkway fountain located between the Ocean Club and Marriott Resort be changed into a landscaped garden. This proposes to be a least expensive long term solution as opposed to re-tile and maintenance to the pump; \$20,800 that was approved for Fountain re-tile and plastering project in 2009 to be moved to 2010 and changed to a landscaped garden.
- The project to add an ice machine on the first floor for Owner and guest use be moved to 2010 with a total cost estimated to be \$20,000.

**A motion was made by Frank Knox to reconfigure the water pond and fountain along the walkway between the Ocean Club and the Aruba Marriott Resort & Stellaris Casino into a garden at \$20,800. The motion was seconded by Melissa Pericolosi and unanimously carried.**

**A motion was made by Steve Richards to allocate \$20,000 in the 2010 Budget for an ice machine. The motion was seconded by Anthony Lifrieri and unanimously carried.**

- Green Initiatives  
Marriott works in partnership with all Owners to implement sustainable environmental practices, including conservation of natural resources, protection of indigenous wildlife, reducing and recycling waste wherever possible. Some projects have already been implemented such as: installation of a garbage disposal sink in the kitchen, recycling material as well as usage of recycled materials, light motion detectors in laundry rooms, water flow restriction devices, usage of organic products and bio-degradable garbage bags and more.

### **FINANCIAL REPORTS**

Ricardo Vrolijk provided an update on the PricewaterhouseCoopers audit report and made a recommendation the Board of Directors approve the 2008 Audit Report as presented.

**A motion was made by Melissa Pericolosi to approve the 2008 Audit Report. The motion was seconded by Frank Knox and was passed by all Board members present at the meeting (Anthony Lifrieri had briefly stepped out).**

A request that information be provided to Owners so that they can view and/or request a copy of the 2008 Audit Report on the website will be added to the Action Items list attached to these minutes as Exhibit A.

Ricardo Vrolijk provided an explanation of Financial Statements and presented the cost for the façade project in the amount of \$667,000.00 for approval. Troy Ashe stated that Marriott Vacation Club has committed to fund all non-façade costs.

**A motion was made by Anthony Lifrieri to revise the 2009 planned façade project to a total of \$667,000.00 which includes \$62,000.00 for contingency. The motion was seconded by Melissa Pericolosi and unanimously carried.**

Melissa Pericolosi inquired about the procedure with Owners who are 'locked-out' (pre-expulsion) after not meeting their payments of the maintenance fees. Troy Ashe explained the procedure of monthly reports of the Owners and the reminders sent to them before the pre-expulsion process starts.

The following will be added to the Action Items list for this meeting:

- Request Bettina Gonzalez from the Marriott Vacation Club Sales Office to provide information on inventory of unit weeks for sale.
- Send Frank Knox a monthly report on the collections because the Association needs to know if they become the owners of those weeks.

Ricardo Vrolijk presented the list of proposed write-off amounts in outstanding maintenance fees in the amount of \$75 or less.

**A motion was made by Frank Knox that the amount for uncollected maintenance fees of less than \$75 for a total of \$100.52 be written off. The motion was seconded by Steve Richards and unanimously carried.**

Mike Reilly stated that an effort should continue to be made to collect these fees. Troy Asche is in agreement that some of these late payments of which most are fines, may have come in and should be pursued.

**A motion was made by Mike Reilly to rescind the prior motion regarding the write-off of the \$100.52 and have the amount of uncollected fees owed over three (3) years be included for continued collection. All Board Members were in favor and the motion was unanimously carried.**

The Proposed Budget for 2010 was presented by the Director of Finance consisting of the Maintenance Fee and Reserves Expenditures.

**After thorough review and changes, a motion was made by Melissa Pericolosi to approve the total 2010 Operating Reserve Fee as well as the Special Assessment, to be billed separately, as follows:**

- **The 2010 Maintenance Fee for a one-bedroom villa in the amount of \$1,089.40 and for a two-bedroom villa in the amount of \$1,458.18.**
- **The second Special Assessment for renovation to be billed in March 2010 for a one-bedroom in the amount of \$337.30 and for a two-bedroom in the amount of \$484.25.**

**The motion was seconded by Steve Richards and unanimously carried.**

**A motion was made by Steve Richards to approve the 2010 Reserve Expenditures as follows:**

- **Phase II Renovation in the amount of \$ 1,948,022.00;**
- **Residential Reserve Expenditures in the amount of \$ 845,289.00; and**
- **Common Reserve Expenditures in the amount of \$365,446.00**

**The motion was seconded by Anthony Lifrieri and unanimously carried.**

Troy Asche stated the following will be added to the Action Item list for sending out the billing:

- **The Special Assessment billing will go out before March to avoid Owners receiving invoices in April when taxes are due.**
- **The 2010 Maintenance Fee letter will include an alert reminding Owners that there is a second assessment coming and include the amount.**

### **UNFINISHED BUSINESS**

#### **Travel Expense Reimbursement Policy**

**A motion was made by Melissa Pericolosi to adopt the updated Travel Expense Reimbursement Policy dated 21 September 2009, as presented. The motion was seconded by Steve Richards and unanimously carried.**

After a brief discussion on the sale of the Aruba Ocean Club prints from the pre-renovated villas, Frank Knox requested a motion on donating the proceeds of the sale to a good cause.

**A motion was made by Steve Richards to approve the sale of the Aruba Ocean Club prints from the pre-renovated villas for \$25.00 each plus the cost of shipping. Proceeds of the sale will go to Animal Rights Aruba. The motion was seconded by Anthony Lifrieri and unanimously carried.**

**NEW BUSINESS**

Steve Richards wants the record to reflect that the Board adopted a policy that the Aruba Ocean Club Owners receive priority over room assignments in addition to the fact that it is already a Marriott Vacation Club and an Aruba Ocean Club standard.

**A motion was made by Steve Richards, that the Aruba Ocean Club Board of Directors officially adopt again presently the policy that the Aruba Ocean Club Owners receive priority over room assignments as is stated in the Aruba Ocean Club Association website. The motion was seconded by Anthony Lifrieri and unanimously carried.**

Frank Knox requested a motion to approve 2010 Fall Board Meeting date.

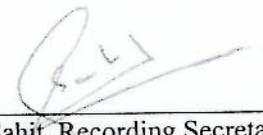
**A motion was made by Steve Richards to approve the date of 12 October, 2010 for the Fall Board of Directors Meeting. The motion was seconded by Anthony Lifrieri and unanimously carried.**

**ADJOURNMENT**

**A motion was made by Frank Knox to adjourn the meeting. The motion is seconded by Steve Richards and unanimously carried.**

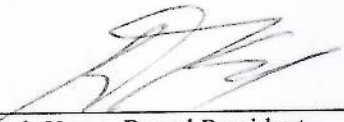
The meeting adjourned at 10:43 am.

Submitted by:

  
\_\_\_\_\_  
Gail Sahit, Recording Secretary

Date: 01.16.2010

Approved by:

  
\_\_\_\_\_  
Frank Knox, Board President

Date: 1/16/2010

**ACTION BY UNANIMOUS WRITTEN CONSENT  
IN LIEU OF A MEETING OF  
THE BOARD OF DIRECTORS OF  
MARRIOTT VACATION CLUB INTERNATIONAL OF ARUBA COOPERATIVE  
ASSOCIATION**

The undersigned, constituting all of the duly elected and acting members of the Board of Directors (the "Board") of Marriott Vacation Club International of Aruba Cooperative Association, a legal entity organized and existing under the laws of the Country of Aruba (the "Association"), pursuant to the provisions of the Bylaws of the Association (as amended, the "Bylaws"), hereby consent to the following actions and resolutions without a meeting of the Board.

**WHEREAS**, the Bylaws set forth the rules and regulations for the governance and administration of the Association; and

**WHEREAS**, in accordance with Section 6.10 of the Bylaws, the Board may take action on any matter without a meeting provided that (a) all Directors in office consent to such action in writing; and (b) such Directors constitute a quorum.


**NOW, THEREFORE, BE IT RESOLVED**, that the Board hereby ratifies and approves the Board of Directors' Meeting Minutes, dated September 29, 2009, in the form attached hereto as Exhibit A; and


**FURTHER RESOLVED**, that the Board hereby ratifies and approves the Board of Directors' Meeting Minutes, dated November 16, 2009, in the form attached hereto as Exhibit B; and


**FURTHER RESOLVED**, that execution of this document by the undersigned, being all the members of the Board, and the subsequent insertion of this document in the minute book of the Association, waives any requirement of a formal meeting of the Board to conduct the business referred to herein; and

**FURTHER RESOLVED**, that this Unanimous Written Consent may be signed in multiple counterparts which collectively shall constitute a single written document, and facsimile signatures shall have the same effect as original signatures.

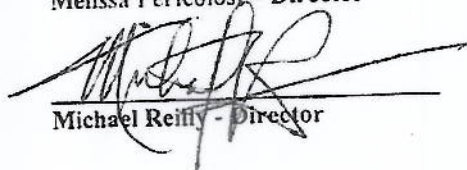
**IN WITNESS WHEREOF**, the undersigned, in their capacity as members of the Board have executed this Unanimous Written Consent as of the 6 day of January, 2010.

  
\_\_\_\_\_  
Frank Knox - Director

  
\_\_\_\_\_  
Stevan Richards - Director

  
\_\_\_\_\_  
Melissa Pericolosi - Director

  
\_\_\_\_\_  
Anthony LiFrieri - Director

  
\_\_\_\_\_  
Michael Reilly - Director

## **ARUBA OCEAN CLUB BOARD OF DIRECTORS EXPENSE REIMBURSEMENT POLICY**

It is the policy of the Aruba Ocean Club Board of Directors to reimburse its Board Members for the reasonable expenses, which they incur to fulfill their duties and responsibilities as members in attending Board or Board sub-committee meetings.

To that end, the following policy has been adopted:

*Lodging* – Expenses will be reimbursed for up to seven (7) nights lodging. If space at Aruba Ocean Club is unavailable and a member elects to stay at a location other than another MSCI resort or if a member incurs no actual lodging expenses (uses own week/points), expenses will be reimbursed for the approved number of nights at the MSCI Board member rate.

*Meals* – Expenses will be reimbursed for up to eight (8) days. Expenses will be reimbursed at a per diem rate of \$100/day. Receipts only required for meals or group events outside of the per diem and must be approved by the Board President.

*Transportation* – Airfare will be reimbursed at the lowest available non-refundable coach airfare rate for a ticket purchased at least 14 days in advance of the meeting if schedule for meeting allows. If the member drives a personal car, they will be reimbursed at the prevailing IRS reimbursement rate (**currently .55/mile**) for miles to and from the airport and for parking. Lodging costs en-route at a reasonable lodging rate will be reimbursed. (Not to exceed the cost of normal airfare and rental car cost). Cab fare to and from the airport is also reimbursable.

*Car Rental* – Expenses will be reimbursed for up to seven (7) days for a rental car plus actual fuel costs. Cab fare is reimbursable if member chooses not to rent a car.

*Telephone/Postage/Reproduction/Miscellaneous* – Related expenses will be reimbursed with proper proof of expense. (printing, notary charges, etc.)

*Receipts* – Submission of proper receipts will be required for all expenses to be reimbursed, with the exception of meals within the per diem and mileage.

Expense reports should be submitted to the DOF within 30 days of the meeting.

Members will be paid the amount submitted to the DOF within 15 days: any discrepancies to the policy will be forwarded to the Aruba Ocean Club Treasurer or President for approval.

## **ARUBA OCEAN CLUB COMMITTEE EXPENSE REIMBURSEMENT POLICY**

It is the policy of the Aruba Ocean Club Board of Directors to reimburse its Board Sub-Committee members for the reasonable expenses, which they incur to fulfill their duties and responsibilities as members in attending Board or committee meetings.

To that end, the following policy has been adopted:

*Lodging* – Expenses will be reimbursed for a number of nights equal to one night before the first meeting date the member is expected to attend until the night after the date of the last meeting (e.g.: one day meeting = 3 nights lodging). If space at Aruba Ocean Club is unavailable and a Committee member elects to stay at a location other than another MVCI resort, expenses will be reimbursed for the approved number of nights at the MVCI Board member rate.

*Meals* – Expenses will be reimbursed for a members length of stay plus 1 (e.g.: 3 nights stay = 4 days meal expenses to account for travel days). Expenses will be reimbursed at a per diem rate of \$100/day.

*Transportation* – Airfare will be reimbursed at the lowest available non-refundable coach airfare rate for a ticket purchased at least 14 days in advance of the meeting if schedule for meeting allows. If the member drives a personal car, they will be reimbursed at the prevailing IRS reimbursement rate (**currently .55/mile**) for miles to and from the airport and for parking. Lodging costs en-route at a reasonable lodging rate will be reimbursed. (Not to exceed the cost of normal airfare and rental car cost). Cab fare to and from the airport is also reimbursable.

*Car Rental* – Expenses will be reimbursed for a members length of stay (e.g.: 3 nights = 3 days car rental expense). Expense will be reimbursed for a rental car plus actual fuel costs. Cab fare is reimbursable if member chooses not to rent a car.

*Telephone/Postage/Reproduction/Miscellaneous* – Related expenses will be reimbursed with proper proof of expense. (printing, notary charges, etc.)

*Receipts* – Submission of proper receipts will be required for all expenses to be reimbursed, with the exception of meals within the per diem and mileage.

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