



Owner Update: Winter 2009 - 2010

Dear Fellow Aruba Ocean Club Owners,

Throughout 2009 the Board of Directors has focused on providing enhanced information and communication to ensure that Owners are better informed about the resort. This Resort Update is being provided so that you may be better informed of recent initiatives to enhance your vacation experience at Marriott's Aruba Ocean Club.

#### **Marriott's Aruba Ocean Club Recognized as a "2009 Premier Resort"**

- Marriott's Aruba Ocean Club was recently recognized by Interval International as a "Premier Resort" for 2009. This prestigious honor recognizes a very small number of resorts for "significantly exceeding Interval's already high affiliation standard by delivering outstanding vacation experiences." We should all be exceedingly proud of this **AAA 5 Diamond** equivalent award!
- Further, for 2009 Interval International exchangers have rated Marriott's Aruba Ocean Club 90% in Overall Satisfaction. This high rating strengthens the value of ownership and enhances Owners' trading ability.

#### **Building Improvement Updates**

Our resort has undergone a dynamic and ongoing evolution since Marriott's purchase in 1996. During Marriott's construction of the property, a certified independent architect was hired to ensure the appropriate construction of the resort. This independent architect provided several Certificates of Substantial Completion attesting to the plans, specifications, and ultimately to the proper completion of the resort construction, and these Certificates can be found on the Association's website: [www.arubaoceanclub.com](http://www.arubaoceanclub.com)

Since the initial opening of the Ocean Club, the Board of Directors and the management company have continuously strived to maintain the first-class quality of the resort. Presented below are highlights of the efforts that have gone on at the resort during the past 12 months to ensure that the value of Owners' investment is maintained.

#### **Roof Restoration and Clean Bill of Health**

- After years of harsh Aruba sun and wind, our roof was replaced in early 2009. Prior to replacing the roof, the Association hired an independent architect, who is a roof and façade specialist, to inspect our roof. This firm confirmed the roof leaks experienced in recent years were the result of the advancing age of the roof, worsened by the harsh weather conditions on Aruba (including Hurricane Omar in fall 2008).
- Prior to replacing the roof, the Board hired an independent environmental expert to assess any damage or environmental issues. Under the supervision of our contracted expert, a certified environmental remediation company properly addressed interior wall renovations in four limited areas. The villas were not impacted.
- The Board's environmental expert has provided a clean bill of health for our building, and the final report can be found in its entirety at [www.arubaoceanclub.com](http://www.arubaoceanclub.com).
- The new roof is protecting our building, and is covered by a 20-year warranty with a planned maintenance schedule at year 10. Marriott paid 48% of the total cost of the roof replacement. This percentage was based on the actual age of the roof as compared to the amount of time the Association has enjoyed use of the building, combined with Marriott's current ownership of approximately 12% of the resort's common areas.

## Planned Facade and Villa Refurbishment in Progress

- We are pleased to report that the lobby renovation and the first phase of our 10-year villa renovation were accomplished ahead of schedule and under budget. Installation of new major kitchen appliances was completed in early January; wireless internet throughout the property will be available by late February; and finally a new bedroom desk, chair, lamp, lighted make-up mirror and balcony furniture will be installed in March or April. Special thanks to our Board member, Steve Richards, for negotiating custom-made glass chandeliers for the lobby at the same cost as the standard light fixtures. These unique fixtures add a unique Caribbean flare to the resort.
- Just like your home, our building needs to be repainted periodically. This is especially true in Aruba's harsh climate with ever-present wind and relentless sun. Beginning early 2010, the building will be repainted with a waterproof paint specifically designed for stucco and our extreme climate. While the scaffolding is in place, windows and sliding glass doors will be recaulked and work will be done on patios to extend the useful life. *There may be some noise but careful effort will be taken to limit work near occupied villas.*

## Income from Lobby Vendors

- The Association receives rent from our lobby vendors based on negotiated contracts. All income goes directly to the Association and reduces our maintenance fees.
- The 1997 Construction and Use Agreement contract between the Association and Marriott International gives Marriott the right to have sales representation in our lobby. There is no requirement in the contract for Marriott to pay rent like other vendors. Our attorney has advised that in the absence of any requirement in the binding contract, Marriott has no obligation to pay for their use of lobby space. On the advice of the Association's attorney, the Board has chosen not to make this an issue
- While the management contract does not require Marriott to pay rent for their space in the lobby, Marriott has committed in excess of \$3 million dollars in financial support to the Association over 2009 and 2010. Additionally, Marriott has contributed money to our Reserve Fees in addition to sharing in the costs of our public space and lobby refurbishment.

## Sharing of Facilities and Services with Marriott's Surf Club

- Sharing of pools, pool decks and beach amenities between the Ocean Club and Surf Club was and continues to be halted by the management team with the unanimous support of the Board of Directors in March 2008. The Board of Directors is on record with Marriott that it will not agree to the sharing of the Ocean Club pool or beach with the Surf Club. Please note that the beaches themselves are public and access cannot be restricted.
- Certain administrative and logistics functions (such as Accounting and the Telephone Department) are shared between the Marriott Hotel, Ocean Club, and Surf Club to help reduce expenses for all three properties. The purchase of supplies, linens and towels, and contracts for landscaping, security and garbage removal are also consolidated to gain economies and efficiencies which lowers the cost to Owners.

## Guest Satisfaction Scores near an All-Time High

- The Owner Satisfaction rating for full year 2009 was **89%** (this highest ever for a one-year period) compared to only 82% the year prior – a dramatic increase of over 7%! We are especially proud of this result and since the renovation have only continued to see these numbers climb higher! A big THANK YOU to all of our Owners and guests for their patience during the year as the Board and management team worked hard to resolve many challenging issues and complete the interior refurbishment project.
- As more Owners experience our top-to-bottom renovation and expanded services and programs, Guest Satisfaction Scores are expected to exceed our all-time highs and be among the top 5% within MVCI.

The Board of Directors is very excited about seeing the results of the initiatives described above, as well as Marriott's commitment of over \$3 million dollars in financial support to the Association over 2009 and 2010. As a result, we have a rock-solid, world class resort that we can all be proud of for many years to come.

Your Board of Directors...working for you,

*Frank Knox*  
President

*Stevan Richards*  
Vice President

*Melissa Pericolosi*  
Secretary/Treasurer

*Anthony Liferieri*  
Director

*Michael Reilly*  
Director