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# NETWORK

*Keeping you in touch with Aruba*

*Fall 2006*

## REPORT OF THE ANNUAL GENERAL MEETING 2006

Following are the highlights of the Annual General Meeting of Members held on May 30th, 2006 a full transcript of which is available from the Executive Office.

**Total votes cast which is broken down as follows:**

Proxies received by mail	1302
Votes by members present who had not mailed proxies	15
<b>Total</b>	<b>1317</b>

Chairman John Merryweather called the meeting to order by at 10.05 a.m. after the meeting of May 15th 2006 had been adjourned due to the lack of a quorum. The fifteen (15) members present, Board members, management and proxy holders were all introduced and welcomed by the Chairman.

### Agenda point #1:

The minutes of the Extraordinary Members' Meeting held on November 15th 2005 were approved with 1267 votes in favor, 20 against with 30 abstentions for a total of 1317 votes tallied.

### Agenda point #2:

Treasurer Jerry Kennedy gave an overview of the financials of the Casa del Mar Beach Resort Cooperative Association for the fiscal year ended October 31st 2005. Management and Board members responded to queries and suggestions on possibilities of improving the income of the Telephone and the Resales and Rental Departments after which the financial statements were approved with votes of 1263 "For", 23 "Against" and there were 31 "Abstentions" for a total count of 1317 votes cast.

### Agenda point #3:

Approval of the budget for the fiscal period November 1st 2006 to October 31st 2007 was requested after Treasurer Jerry Kennedy once again provide information for the members present on the most significant variances. After Mr. Kennedy's explanations, the budget

was approved with a count of 1166 members in favor, 116 members voted against and 35 abstentions resulting in a total count of 1317 votes cast.

### Agenda point #4:

The ratification of the Board of Directors' recommendation to spend \$250,000 on a mildew treatment for Casa del Mar Beach Resort was approved with 1235 votes in favor, 51 votes against and 31 abstentions – total 1317 votes cast.

### Agenda point #5:

For the members present, the Chairman explained the rationale for the recommended change in By Law VI (dealing with the behavior of guests of members) which was approved with votes of 1248 for, 35 against and with 34 abstentions there was an overall total vote count of 1317.

Various discussion points were raised under "Freeword" including the need for improved communication, crime on the island, the friendliness of the staff and the commendable performance of management.

There being no further discussion, the Chairman entertained a motion to adjourn the meeting at 11.30 a.m.

## INCREASE IN TRANSFER FEES

Effective immediately, the cost of transfer fees for private sales has increases from \$100 to \$350 and following is an explanation.

The Resales and Rental department has contributed significantly to the finances of the Association and has been one of the major factors in serving to keep the club dues of Casa del Mar Beach Resort at the excellent levels compared to the other timeshare Resorts in Aruba. However, over the past few years, this contribution has been declining because of the reduction in inventory for sale and, taking the historical importance of this department's contribution into account, the Board of Directors and Management reviewed the various income streams which contribute to the overall generation of

revenue - e.g. listing fees, transfer fees and rental percentages to name a few – and surveyed other establishments to compare our pricing with theirs. We found that the transfer fee that we were charging was indeed among the lowest established by other timeshare Resorts. Although it is ultimately in the financial interest of the Resort, we cannot force members to use the Resales and Rental Department of Casa del Mar but, it would stand to reason and seems logical and fair that any fees that are charged for the services rendered by this department should be in line with industry standards in Aruba. With that rationale in mind, and also to further encourage members to use the Resorts' facilities, the increase in transfer fees for PRIVATE deals – and private deals only – was approved by the Board of Directors to make us more comparable with the fees charged by other Resorts. The fees for handling transfers within the administration of the Resort's Resales and Rental department remain unchanged at \$100 from what they were previously.

### MAINTENANCE FEES 2007

The dramatic increases in operating expenses occasioned by the pressures of oil price hikes makes it necessary for us to increase our maintenance fees by a modest seven (7) percent for the fiscal year beginning November 2006. For 2005, there were at least six (6) increases in utility tariffs. For 2006, already there have been four (4) increases fore the year to date and there is no foretelling when these increases will stop. The following information will give you some idea of the increase in utilities over the last few years – and these figures are net after having applied the energy surcharge.

2002	\$397,986 (audited)
2003	\$443,463 (audited)
2004	\$393,588 (audited and there was an increase in energy surcharge this year)
2005	\$455,837 (audited)

Up to the end of May 2006 (with five (5) more months to go to the close of the fiscal period), our expenses are already \$321,218 compared with \$214,946 for the same time last year so we can realistically expect that we will exceed the amount spent in 2005.

To make matters worse, on June 1st 2006 there was an increase in import duties and, as our economy depends heavily on the importation of nearly all commodities, this increase was felt in every business and leisure sector on the island.

The Board and Management is very proud to review our record of prudent financial management over our tenure

of office which has resulted in an unprecedented execution of capital projects including the replacement of chillers (air-conditioning systems), replacement of all the elevators, refurbishing of the Restaurant, construction of an Activities building, repairs to the exterior of the Presidential building, redesign of the parking lot, the refinishing of the Ambassador Wing, installation of an emergency generator, constant change of appliances and a new beach wall to name a few. To add to the foregoing, the extensive mildew treatment for the entire Resort is currently in progress and we are planning a soft goods renovation of the units over the next few years.

All these projects have been accomplished without levying any special assessments but we need to build back up our reserves to continue to maintain our property in the best possible shape. It is worth mentioning that we have increased our maintenance fees only four (4) times in the last eleven (11) years and the increase of \$32 in 1999 was due to the Government-mandated AVZ medical and health insurance for the employees. Even with the seven (7) % increases, our club dues still rank among the lowest in the island.

As a result, the new maintenance fee structure for 2007 is as follows - two-bedroom Presidential suite \$575.00 per week owned; one-bedroom Ambassador suite \$498.00 per week owned.

*Please pay your maintenance fees before October 31st 2006 to avoid late penalties and also to ensure the financial health of your Resort.*

### TRAVEL NEWS

Aruba Airports Authority recently announced that starting September 15, 2006 **Jet Blue** will offer daily non-stop service to Aruba from JFK, New York. This is great news and we will update you as we get more information.

Please remember that effective January 1, 2007 you need to have a passport to travel to the Caribbean – including Aruba. Also remind your relatives and friends traveling with you or on their own about this new procedure – which includes children as well.

### MANAGER'S CORNER

This year has been another exciting one and following is a brief update of all the projects we have completed, those in progress and the ones to be undertaken shortly.

## Capital Projects

### Completed projects:

- Insulation of the hallway pipes at Phase II has been completed and at the same time we have re-varnished and / or replaced the wooden hallway slats of both Phases I and II.
- The parking lot has been redesigned and we have now 33 additional parking spaces, a second exit facing the Divi hotel plus handicapped parking right in front of the main entrance.
- We have beautified the main entrance by replacing the pavers with a brighter color and have upgraded the landscaping in the area
- A new playground for the little ones has been added next to the Activities Center.
- A new chiller has been installed at the Ambassador Wing.
- A Defibrillator has been placed at the Ambassador Wing.
- The exterior finish to the Ambassador Wing has been completed.
- If you have rooms at the Ambassador Wing, you will now find your four (4) beach towels in the room on check-in and these can be exchanged once a day everyday between 9:00 a.m. – 10:00 a.m. and 4:00 p.m. - 5:00 p.m.
- We are now serving Ben & Jerry's ice cream where the temporary bar used to be.
- The Ambassador Wing rooms have now a bigger towel rack in the patio.
- For the less agile members, a ramp and hand rail has been installed at one side of the main pool.

### Projects in Progress:

- Air Duct Cleaning of all the rooms. We have already completed cleaning of the exhaust fans and air ducts at the Ambassador Wing.

### New projects to be undertaken:

- Tiling of the Ambassador Wing's hallways
- Re-varnish/replacement of wooden hallways slats in the lobby.

## 20 Years Celebration

This year Casa del Mar Beach Resort is celebrating its 20th anniversary and in connection with this, we have commemorative items like T-Shirts, Polo Shorts and

Bags for sale. If you are interested in purchasing one or more of the items mentioned, please visit our Executive and/or Rental/Resales Offices for more information.

## Appointment

The position of a General Manager is not an easy one as your mind is constantly engaged in various operational and people issues. As you are aware, at Casa del Mar Beach Resort we are constantly striving to upgrade the Resort and consequently we have new projects going on and other numerous things to accomplish. As a result of this, Mr. Anthony Maduro our Front Office Manager was recently approached by the Board of Directors and Management to assist me in overseeing some operational issues. He readily accepted what he considers to be a new challenge in his career and, for now, one of Anthony's major responsibilities is to follow-up on outstanding work orders of maintenance issues reported by the Members and Guests. On his own initiative, he formed a group of maintenance people to address maintenance issues in the rooms on Saturdays and the feedback has been tremendously positive as many repairs have been completed under his supervision. Of course, there will be many more projects for Anthony to oversee in the future in addition to his own daily operational duties at the Front Desk. We wish Anthony Maduro much success and are confident that he will do a great job.

## SELECTION COMMITTEE

In accordance with our Articles, we are seeking another member for the Selection Committee. This committee should consist of seven (7) members and will be activated when a vacancy arises on the Board of Directors in order to review the candidates who have offered themselves to serve on the Board. We currently have six (6) members and are looking for one more volunteer. Please send your resume to Andy Osbourne at the Resort.

## MEMBERS COMING TO THE RESORT IN THE WRONG WEEK

We continue to have members who arrive at the Resort in their wrong week. In order to avoid disappointment, you are requested to properly check the calendar posted on our website at [www.casadelmar-aruba.com](http://www.casadelmar-aruba.com) or call Member Relations or the Reservations Department at the Resort - (297) 582 7000 - if you are unsure of your dates.

## FOOD AND BEVERAGE REPORT

We have reached an amicable agreement with the operators of the Calypso Restaurant to terminate the current Food and Beverage contract effective May 31st 2007.

This date is chosen for the following reasons:

- An earlier date brings the high season into consideration and the timing would not be feasible for a new operator bearing in mind the staffing, menu concept, furniture, equipment etc. Also bear in mind that with the business levels a little bit down on the island, new operators are justifiably hesitant to rush into a new venture as opposed to taking care of their existing operations.
- With the termination date, we have the proper time to source out a new operator.
- The timing also allows the operator to properly get all their issues in place for the start date.
- The agreed date allows the employees adequate time to look for alternative employment.
- Meanwhile, we will still collect the rent so our budgeted finances are not negatively affected during this time.

### NEW POOL AND BEACH RULING AT ARUBA BEACH CLUB

Recently the Management of Aruba Beach Club informed us that the Members and Guests of Casa del

Mar Beach Resort are no longer allowed to reserve chickees and lounges **before 8:00 a.m.**

All beach towels and other personal items used to reserve them before this time will be removed to the beach towel station located on the pool deck of Aruba Beach Club.

### NEW DEVELOPMENTS

There is heightened speculation on the implementation of a sales tax on goods and services in Aruba. As yet there is no definitive idea of the amount or the proposed start date but we will keep you posted as soon as we get more information.

Additionally, we have also recently learnt that the Government has approved a shorter work week from 6 days to 5 1/2 days for the employees. Our initial preparatory research indicates that the Housekeeping Department will be the one most severely affected and, while once again, we are unsure of a start date, we may have to adjust work schedules accordingly and probably offer reduced services on certain days during the week to minimize the cost increases. We will update you further when we know more.

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