

OFFICIAL BALLOT

HOTEL ON THE CAY TIMESHARE ASSOCIATION, INC. ANNUAL MEETING

3:00 P.M. JUNE 1, 2007

CONFERENCE CENTER, HOTC, CHRISTIANSTED, ST. CROIX

PLEASE NOTE: ALL OWNERS MUST SIGN BALLOT

I/WE, owners (print your names) _____
wish to vote the following unit week/s. (list room no/s and unit week/s owned)

THE NOMINATING COMMITTEE HAS RECOMMENDED THE FOLLOWING
SLATE TO SERVE ON THE BOARD OF DIRECTORS:

FOR A **THREE YEAR TERM: WILLIAM DENISON, MICHAEL P. HEISE AND
IRA BRAUNSCHWEIG.** FOR A TWO YEAR TERM. **JAMES T. PYZYK**

**TO VOTE THE RECOMMENDATION OF THE NOMINATING
COMMITTEE, PLEASE CHECK HERE _____**

I/WE WISH TO VOTE AS FOLLOWS: If you wish to vote for other than the entire
slate as presented by the Nominating Committee write in your selections.

For a three year term. Name _____
For a three year term. Name _____
For a three year term. Name _____
For a two year term. Name _____

By signing this ballot I/WE certify that I/WE are paid up owner/s of the units listed
above, being voted, as of June 1, 2007 and that my/our votes are as designated.

Signature _____ Signature _____
Please be sure ALL owners sign .as each owner is entitled to a prorated portion of the vote.

PROXY

**I/WE designate the following person to vote this proxy in my place at the annual
meeting being held Friday, June 1, 2007 at the Hotel on the Cay to vote such
business as may properly come before the meeting.**

I/WE designate **CHARLES GRANT**, Secretary of the Board of Directors, or his
designate. Check here _____ Other _____
Signed _____ Signed _____

*Please mail promptly to the Hotel in the official envelope provided with this ballot. We
need your proxy to assure a quorum. Ballots must be received at the Hotel by June 1,
2007 at 3P.M.*

OFFICIAL NOTICE OF THE ANNUAL MEETING THE HOTEL ON THE CAY TIMESHARE ASSOCIATION

FRIDAY, JUNE 1, 2007 AT 3:00 P.M.
**AT THE CONFERENCE CENTER, HOTEL ON THE CAY, PROTESTANT CAY,
CHRISTIANSTED, ST. CROIX, USVI**

Propose: As called for in Article V, Paragraph A of the Bylaws, notice is hereby given that the annual meeting of the Hotel on the Cay Timeshare Association, Inc. will be held at the time and place listed above to elect three vacancies for three year terms on the Board of Directors and one two year term to fill the balance of the term of resigning Board member Richard Broad, and any other business that may properly come before the meeting. (See agenda) Roberts Rules of Order shall prevail.

AGENDA

1. CALLING OF ROLE AND CERTIFYING PROXIES.
2. PROOF OF NOTICE OF MEETING OR WAIVER OF NOTICE
3. READING OF MINUTES.
4. REPORTS OF OFFICERS
 - A. PRESIDENT
 - B. SECRETARY
 - C. TREASURER
5. COMMITTEE REPORTS.
6. APPOINTMENT OF CHAIRPERSON OF INSPECTION OF ELECTION
7. ELECTION OF THREE MEMBERS TO THE BOARD OF DIRECTORS FOR THREE YEAR TERMS AND ONE MEMBER FOR A TWO YEAR TERM.
8. OLD BUSINESS
9. NEW BUSINESS
10. ADJOURNMENT

SIGNED: Charles Grant, *Secretary*

***PLEASE BE SURE TO VOTE, SIGN YOUR
PROXY AND MAIL PROMPTLY***

HOTEL ON THE CAY TIMESHARE ASSOCIATION, INC. NEWSLETTER, APRIL 2007

Annual meeting to be held Friday June 1, 2007 at the Hotel. Members wishing to attend the annual meeting will be able to reserve a room by paying the maintenance fee for the days they stay, up to two weeks. Week 21 starts on May 21, 2007 and week 22 starts on June 2, 2007. Rooms are filling up rapidly, so if you plan to attend be sure to contact the front desk to make your reservation. The toll free number is 1 800 524-2035. In addition we have about twenty weeks owned by members. We urge all to attend, but if unable to attend **BE SURE TO RETURN YOUR PROXY**, enclosed with this Newsletter, promptly.

Information on airport transportation. Due to a St. Croix Port Authority agreement with the Taxi Driver's Association the Hotel can no longer provide vouchers to our owners and guests for transportation to the Hotel. We can, however, continue to make arrangements for the return trip from the Hotel to the airport with Rudy. You can also, of course, use anyone you chose during your stay at the Hotel.

To make it as convenient for you as possible you should insist that the taxi driver bring you directly to the dock where the ferry will meet you, help you with your luggage and notify the Hotel to have your luggage picked up at the dock and delivered directly to your room. The ferry Captain has a cell phone and is instructed to notify the front desk as soon as you are loaded on the ferry. Please be sure to let Marion know if you find that any part of the procedure is unsatisfactory so that we will know where we need improvement.

Use of the swimming pool. We have a fresh water shower behind the restaurant and all users of the pool are required to shower with fresh water if they have been swimming in salt water. We do plan to relocate the shower to a more convenient location near the entrance gate this summer. Of special note: Cleaning scuba gear in the swimming pool is strictly prohibited. Anyone found doing this will be required to pay a service fee of \$100.00. Not only is this a discourtesy to our guests it creates a cleaning problem. Please use the fresh water shower if you have scuba gear to clean.

Water Sports is under new management. Those who like to have water sports available will be pleased to see the vastly improved water sport facility. In addition, all Hotel guests will receive a 10% discount by notifying the attendant that they are staying at the Hotel.

We also have several beach activities for our owners and guests including the snorkel guided tour by Peter, the complementary scuba lesson and the kayak relay race. Members should be sure to take advantage of these opportunities. In addition we now provide ferry service every Sunday evening to Gallows Bay for an evening of Blues music. The ferry leaves at 5:00 PM and picks up our guests for the return trip about 8:00 PM. Plan to join in the fun.

Completion of kitchens scheduled. We plan to continue the installation of the main building kitchen units in the standard units not yet completed, with high hopes of completion before the beginning of 2008. We also plan to start our annual maintenance of all rooms this spring.

BE SURE TO SIGN AND RETURN YOUR PROXY

Important Information About Our Hotel Finances

OUR BASIC MONTHLY EXPENSES are about \$ 91,000.00. This covers payroll, scheduled payments such as utilities, maintenance, lease and miscellaneous expenses, but does not cover capitol improvements.

Payroll is about 46% of our basic budget, or \$42,000.00 per month. We have 26 pay periods of about \$20,000.00 each.

Our Ferry System costs about \$4,200.00 per month not including payroll.

Utilities run about \$22,000.00 each month. We receive reimbursement for part of this amount from The Harbormaster Restaurant, Emerald Point and a \$4.00 per person per night energy charge; this is more than double the costs three years ago. . (Reimbursements are about \$7,000.00 per month.)

Insurance costs have tripled in the last few years to about \$5,000.00 per month.

Scheduled monthly payments and other expenses add an additional amount of about \$17,800.00 per month.

WHAT IS OUR ANNUAL INCOME? Our largest income source is from maintenance fees, about \$62,500.00 per month.

When a member pays a delinquent owners fee this is a recovered fee. We are averaging about \$2,000.00 per month.

Rental of rooms to the general public. Our second largest source of income is rental to the general public. This brings in about \$27,000 per month.

We have instituted an aggressive marketing program including the internet and special promotions. (See our web page at www.hotelonthecay.com for some examples) For each room we rent for one full year (365 days) our gross income is about \$40,000.00. (We would receive about \$26,000.00 from maintenance fees if all 51 weeks were sold)

Reimbursed utilities add an additional \$7,000.00 income and beach chair rental and ferry income amount to about \$7,100.00 per month. Miscellaneous income accounts for the rest. Our anticipated total income for the year is \$1,250,000.00 and expenses should be about \$1,092,000, giving us undesignated funds of about \$158,000.00 for contingencies, capitol improvements and reserves.

A preliminary budget will be presented to the membership at the annual meeting, June 1, 2007 and will be acted upon by the Board for final approval at a Board meeting held after Labor Day. Members will be able to attend by conference call. Information will be included along with a copy of the proposed budget in a newsletter to be mailed late June.

Detailed financial information is always available in the office and will also be presented at our annual meeting being held on June 1, 2007 at the Hotel. Plan to be there.

BE SURE TO VOTE ON ALL ISSUES TO INSURE A QUORUM

INFORMATION ON OUR BOARD CANDIDATES

REPORT OF THE NOMINATING COMMITTEE

The following candidates are being recommended to the membership of the Hotel on the Cay Timesharing Association, Inc.

For a three year term:

William M. Denison has been a member of the Board since February 2000 and has served as the President of the Directors since that date. With extensive experience in Real Estate, Building and Land Development his experience has been a valuable asset to the Association.

For a three year term:

Michael Heise joined the Board last year to fill the unexpired term of one of our original Board members who needed to resign for health reasons. With his extensive business experience and knowledge of sources of items needed by the Hotel, he has proved to be a dedicated and valuable member of the Board.

For a three year term:

Ira Braunswrig, M.D. has been an active member of the Board for the past three years and has offered to serve a second term. He has served as Secretary of the Board and Chairperson of the Credentials Committee for the past several years and has been an active participant in Hotel activities.

For a two year term:

James T. Pyzyk will serve as a new member to the Board. He is 56 years old and served as a Vice President and General Manager of a distributing company and has been the owner of Badger Distributing of Milwaukee, LLC since 1999. With his extensive business experience he will be a valuable addition to the Board.

Respectfully submitted,

Charles Grant, Chairperson of the Nominating Committee.

BE SURE TO VOTE. SEND IN YOUR BALLOT AND PROXIE TODAY IN THE ENCLOSED ENVELOPE