

HOTEL ON THE CAY TIMESHARING ASSOCIATION, INC. NEWSLETTER, JULY 2007

The annual meeting of the Association was held on Friday, June 1, 2007 at 3:00 PM at the Conference Center at the Hotel with about forty members present. The credentials committee Chairperson, Charlie Grant gave the Committee report and a quorum was declared. President Bill Denison gave his annual President's report (see attached) followed by the treasurers report. Members were given a preliminary financial report along with a copy of next year's proposed budget (copy attached) followed by a question and answer period.

The Nominating Committee chairman, Charlie Grant, presented their report by nominating the following members to fill the four vacancies on the Board of Directors.

William M. Denison for a three year term.	abcdenison@yahoo.com
Michael P. Heise for a three year term	jp1916@ameritech.net
Ira Braunschweig for a three year term	xraydocira86@aol.com
James T. Pyzyk for a two year term	jtpyzyk@prodigy.net

There being no nominations from the floor all nominees were elected for the terms indicated

Other members of the Board along with email addresses are listed below.

John Dunn	mrdunn@wi.rr.com
Dennis Denner	bren.den.den@gmail.com
Charlie Grant	chr1794@aol.com

On June second, at the annual Board meeting, the following slate of officers was elected.

President, William M. Denison Telephone number 800 541-4682
Vice President, Michael Heise
Secretary, Ira Braunschweig
Treasurer, James T. Pyzyk

Richard Broad appointed honorary life Board member. Dick, who has been an active member of the Board for more than seven and one half years had to resign due to health reasons. In appreciation of his outstanding efforts serving the Association during these most difficult times the Board elected him to the position of Honorary Life Member. Dick will continue to attend our Board meetings and provide us with advice but will not be able to vote. If you wish to send Dick a note of appreciation you may email him at broad_r@msn.com.

Hurricane Insurance. Hurricane season is here and the question of insurance arises again. Because of the expense, more than \$100,000/year with a \$75,000 deductible, the Board has voted to continue to be self insured. To pay the premium and the deductible amounts to a maintenance fee increase of about 13%. In addition, insurance would not cover such things as the pool and the landscaping. Any member wishing to question this decision should email one of the Board members at the email addresses listed above.

Budget Meeting. There will be a special meeting of the Board of Directors on Monday evening September 17, 2007 at 7:00 PM EDT by teleconference to vote on the proposed budget, copy enclosed. Any member wishing to attend this meeting may do so by calling the Hotel front desk and paying \$15.00 by credit card to cover the cost of the telephone call. You will be provided

with a toll free 800 number and a password to access the meeting. If you have questions on the budget you may email any Board member at the email addresses listed above. We can accommodate up to 99 members.

Room maintenance. We have begun the annual room maintenance as of early July and expect to have all rooms completed by Thanksgiving. This includes completing kitchen updates in all standard rooms in the main building. Wireless internet will also be available in all rooms by summer's end.

New furniture has been ordered and all rooms that have not yet received new furniture will have the new furniture installed as we finish the annual room cleaning and maintenance.

Energy Conservation. Energy conservation and a "greener earth" are high among the goals of our Association. We are completing a study for converting our ferry boats to electric energy with solar energy recharging the batteries. It is our plan to have at least one ferry conversion completed by year's end. We also plan to complete conversion of the HM building hot water system to solar energy. This change should not only save on our electric bill but provide an improved hot water supply. If this is successful, our next step will be to convert the main building hot water to solar. Our future goal is to become as energy independent as possible. To this end we are studying additional solar and windmill energy. Members with expertise in this area should contact Michael Heise at jp1916@ameritech.com. Our electric bills have more than tripled in the last few years. Each increase makes energy independence more affordable.

Your opinion on smoking. Each year smoking becomes more and more objectionable to many of our guests. On the other hand when an owner is at the hotel they are the owner of their room and most people agree you cannot tell people what to do in their own home. Cigar and pipe smoke are even a greater problem with many. Do our owners have any suggestions on how to handle this problem? If you have suggestions please email a Board member at one of the above email addresses.

Look for the flags. Listen to the music. When you arrive at our hotel this fall or winter you will see the seven flags of ST. Croix flying over the dock house and be welcomed by the beautiful sounds of island music. You will enter our island through the dock house, pick up your room key, your luggage will be taken to your room and you can ride with it in our new electric cart. All this should be ready by Thanksgiving (island time)

Members and guests will again be able to be met at the airport. Vouchers will again be available for round trip airport travel. The round trip voucher will cost \$32.00 for the first one or two passengers. Additional passengers will be charged \$16.00. If arriving by Sabourn Air the charge will be \$12.00 round trip for one or two passengers and \$6.00 for each additional passenger round trip. You will be taken directly to the ferry dock. Contact the front desk for vouchers and information or go to www.hotelonthecay.com and print your voucher.

Legal update. On April 11, 2007 the United States Court of Appeals for the First Circuit affirmed the June 8, 2006 decision of the United States District Court for the district of Rhode Island in USA v. Herrin Capital Corp. Pursuant to those decisions Hotel on the Cay Timesharing Association, Inc. presently understands that it holds the leasehold interest in the timeshare property while the US Small Business Administration holds the Master Lease. However, this is subject to some disagreement by the SBA. It is expected that within the next thirty (30) days Hotel on the Cay and the SBA will meet in an effort to resolve any issues with respect to where the Master Lease and the timeshare leasehold interest lie with the intention of then meeting with the Government of the Virgin Islands to conclude a final resolution of the status of all leasehold interests in Protestant Cay.

PLEASE PROVIDE US WITH YOUR EMAIL ADDRESS. SENDING YOUR NEWSLETTER VIA EMAIL SAVES ABOUT \$2.00 PER MAILING. IF EVERYONE RECEIVED NEWSLETTERS BY EMAIL IT WOULD SAVE ABOUT \$2,000.00 PER MAILING. SEND YOUR EMAIL ADDRESS TO SARA AT sara_hotc@yahoo.com along with your permission to send the newsletters by email.

**HOTEL ON THE CAY TIMESHARING ASSOCIATION
ANNUAL MEETING PREIDENT'S REPORT**

June 1, 2007

It is a pleasure to again have the opportunity to update the membership on our continued progress toward improving the infrastructure and operations of the Association.

This year finds us in the most stable position since the Association took over the operations from the former developers.

As many of you know the present administration was elected by the membership in February of 2000. At that time the facilities were in a sad state of disrepair with about 25% of our rooms unusable. We had well over one half a million dollars in unpaid taxes, lease payments and other obligations as well as about a dozen lawsuits.

Since then we have progressed to a financially stable organization with little debt, most lawsuits settled, all rooms in use, over one million dollars of capital improvements completed and a maintenance program designed to continually improve our facilities.

In the past year alone we updated an additional ten rooms and will start to complete the remaining standard rooms in July and within the next fifteen months expect to also complete the upgrades in the HM Building and the three remaining suites. At this point all units will have kitchenettes with operating sinks.

Other improvements include upgraded TV with 16 channels plus our in-house channel, new beach chairs, repair and painting of the dock house, safety bars installed in all baths, improved hot water, new equipment for the Laundromat, improved exterior lighting and much more.

Yes, we have made much progress but a lot more remains to be done. An important part is we have made these improvements and paid as we go while holding a reasonable level of maintenance fees. The good news being there will not be an increase this year.

This coming year's plans are not completed but we do plan to complete all the remaining kitchens during the next 15 months with the expectation that all standard rooms will be completed by sometime this fall. We are also continuing to develop our energy conservation program.

Finally, it is our pleasure to report that the Federal Court has upheld our possession of the Master Ground Lease and we have started meetings with the SBA and VI Government personnel and hope to finalize our position within the coming year.

The Board members thank you for taking the time to come today and I will open the floor for questions.

Respectfully submitted,

William M. Denison, President