



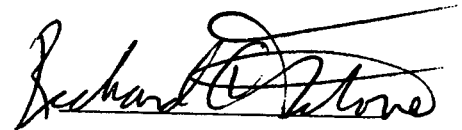
## CONVOCAATION

In compliance with Article 15 of the Articles of Association, you are hereby cordially invited to attend the Annual General Meeting of Members of the Aruba Beach Club Cooperative Association which will be held in the ABC Members Lounge on April 15th, 2008 at 10:00 a.m. local time.

In the event a quorum is not present or represented by proxy at this meeting, it will be adjourned until April 29th, 2008 at 10:00 a.m. local time without further notice. (Experience tells us that a quorum is never achieved at the first meeting, so we can assume the adjourned date will be the date that decisions will be made.)



*Chairman*



*Secretary*

# PROXY INSTRUCTIONS

Use the attached Proxy Card to cast your vote. Fill in the required information and mail.

**POSTAGE IS REQUIRED.**

Your Member Number and your Number of Votes is printed in the upper right hand corner of the address label of this Convocation. **PLEASE TRANSFER THIS INFORMATION TO THE APPROPRIATE SECTION OF THE PROXY CARD** You **MUST** sign your proxy in the way your name is shown on the mailing label.

We urge all members to cast their votes. It is your duty to let us know your wishes for your Club.

Our contracted accounting firm, have been enlisted to receive, hold and count all Proxies. Please make sure that you mail it out in time for it to be available at the General Meeting on **April 15<sup>th</sup>, 2008**, or at the adjournment thereof, to vote all shares as designated on the proxy card.

**IN ORDER TO REDUCE EXPENSES 41 CENTS POSTAGE IS REQUIRED  
TO MAIL YOUR BALLOT. THANK YOU**

## NOTICE TO MEMBERS

Because of all of the controversy created by the proposed sale of the remaining club owned weeks to Universal Acquisitions (Mr. Joe Flak) Mr. Flak has withdrawn his offer to purchase these weeks. Further, your Board has now decided to sell the entire remaining Club owned weeks to the members at the same price as they were offered to Universal, which is 50% of the regular price for these weeks, only until April 28<sup>th</sup>. All sales must be finalized by that date and all monies due paid. The weeks that are for sale appear on the Club's Web Site ([www.arubabeachclub.net](http://www.arubabeachclub.net)) at the Club Re-sales office ([re-sales@arubabeachclub.net](mailto:re-sales@arubabeachclub.net)) or call 297-582-3000 and ask for Lucille Vos. This sale is on a first come, first served basis, so act soon.

**NO VOTE REQUIRED**

# AGENDA

## AGENDA - REGULAR MEETING

1. Approval of the Minutes of the previous Members Meeting held on April 24, 2007
2. Approval of the Financial Statements of the Aruba Beach Club Cooperative Association for the fiscal year ended October 31, 2007
3. Ratification of the Budget approved by the Board for the forthcoming fiscal year, November 1, 2008 through October 31, 2009
4. Change in the Articles of Association
5. Question to the members

## **FOOTNOTE TO AGENDA POINT 1 MINUTES ANNUAL GENERAL MEETING OF MEMBERS**

Held April 24, 2007 at 10:00 AM in  
The Aruba Beach Club Members Lounge

### **Present:**

Dr. Lewis Gilmore	-	Chairman
Louis Mintzer	-	Treasurer
Richard Titone	-	Secretary
Ronald Pitocchelli	-	Board Member
Nicoline M.L. Mol	-	Proxy Holder, Deloitte
Farida Mansur	-	General Manager
Luis Bello	-	Controller
Cathy Brete	-	Secretary

**TOTAL VOTES RECEIVED: 42,951**

### **Members:**

Edward Johnson  
Arlene Falvey  
Richard Falvey  
John Evans  
June Conley  
Bill Conley  
Gus Schmidt  
Susan Titone  
Susan Blanton  
Rene Schmand-Torto

Joe Renzulli  
Marjorie Bryant  
Peter Kirchman  
Pauli Cross-Knapp  
William Atlee  
Laura Atlee  
Mary Flynn  
Gayle Gwiazda  
Mary Lou Burla

Jane Daniels  
Ted Daniels  
John Slusarz  
Muriel Hyer  
Richard Kopp  
Audrey Gage  
James Van Volkenburgh  
Alan Plat  
Gary Litsinberger

Pursuant to the Convocation, Ms. Farida Mansur represented the Chairman, Dr. Lewis Gilmore, convened the initial meeting, on April 10<sup>th</sup>, 2007, 10:00 a.m. Ms. Mansur immediately established that there were not sufficient votes received to represent a quorum and therefore postponed the meeting until April 24<sup>th</sup>, 2007 at 10:00 a.m.

Dr. Lewis Gilmore, Chairman, convened the meeting on April 24<sup>th</sup>, 2007 at 10:00 a.m., welcomed all present and introduced the Board Members present to the attending members. Also introduced were Farida Mansur, General Manager, Luis Bello, Controller, and Ms. Nicoline Mol of Deloitte, our proxy holder that assembles, tallies and summarizes all the votes.

The following motions were brought forward, approved and accepted:

- 1. APPROVAL OF MINUTES OF PREVIOUS MEMBERS' MEETING HELD ON APRIL 25, 2006:**  
Motion by Mr. Edward Johnson, seconded by Mr. William Conley, to waive the reading of the Minutes, and put to vote.

Votes were 41,421 in favor, 1,000 against, 530 abstained. The Minutes were accepted as written.

- 2. APPROVAL OF FINANCIAL STATEMENTS OF ARUBA BEACH CLUB COOPERATIVE ASSOCIATION COVERING THE FISCAL YEAR ENDED OCTOBER 31, 2006**  
Motion by Mrs. Carol Evans, seconded by Mrs. William Coney for approval of the Financial Statements of the ABCCA covering the Fiscal Year ended October, 31, 2006.

There being no questions asked, Dr. Lewis Gilmore called for a vote:

Votes were 40,960 in favor, 1,104 against, 887 abstained. Auditors Financial Report approved.

- 3. RATIFICATION OF THE BUDGET APPROVED BY THE BOARD FOR THE FORTHCOMING FISCAL YEAR NOVEMBER 1, 2007 THROUGH OCTOBER 31, 2008**

Motion by Mr. Gary Litsenberger, seconded by Ms. Muriel Hyer to approve the Budget for the Fiscal Year November 1, 2007 through October 31, 2008.

Votes were 38,231 in favor, 3,801 against, 919 abstained. Budget 2007/2008 approved.

- 4. APPROVAL OF 5% INCREASE IN 2008 MAINTENANCE FEES:**  
Motion by Ms. Muriel Hyer, seconded by Mrs. Susan Blanton to approve the 5% increase in 2008 maintenance fees.

Votes were 33,374 in favor, 8,654 against, 923 abstained. Approved.

#### **ANY OTHER BUSINESS THAT MAY BE LEGALLY BROUGHT FORWARD**

Some comments, questions and answers, concerning telephone rates, ABC/CDM joint issues, beach chickees and enforcement of rules; Refurbishing budget; operating budget and suggested quarterly tracking to be made available on website or emailed; request for five-year strategic plan, balconies, railing to beach, restroom at beach, parking/handicapped, security, all points taken under consideration by Management and Board.

There being no further questions, Dr. Gilmore thanked all members in attendance. Motion by Pauli Cross-Knapp to adjourn, seconded by Susan Blanton, all in favor. There being no further questions or comments, the meeting concluded at approximately 11:10 AM.

Signed:

**Dr. Lewis Gilmore**  
Chairman of the Board

Signed:

**Richard Titone**  
Secretary

Signed:

**Cathy Brete**  
Secretary

### **Independent Auditor's report**

We have audited the accompanying consolidated financial statements of Aruba Beach Club Cooperative Association, established in Aruba, which comprise the balance sheet as of October 31, 2007, the profit and loss account, and cash flow statement for the ended and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility*

Management of the company is responsible for the preparation and fair presentation of the financial statements. Management has elected to prepare the financial statements in accordance with International Financial Reporting Standards. Management's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

(Continued on next page)

## Independent Auditor's report (continued)

### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the consolidated financial position of Aruba Beach Club Cooperative Association as at October 31, 2007, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Oranjestad, Aruba, January 16, 2008  
**Deloitte & Touche** Accountants, N.V.  
Ref.: A.G. Croes RA /G.C. Croes CPA

## FOOTNOTE TO AGENDA POINT 2 CONSOLIDATED BALANCE SHEET (Stated in United States Dollars)

ASSETS	October 31st,	
	2007	2006
<b>Current Assets</b>		
Cash and cash equivalents	2,783,122	2,428,836
Receivables	1,185,826	929,745
Inventory weeks for sale	187,532	279,499
Other Inventory	<u>127,161</u>	<u>152,325</u>
	<u>4,283,641</u>	<u>3,790,405</u>
<b>Property and equipment</b>	<u>5,047,602</u>	<u>5,182,600</u>
	<u>9,331,243</u>	<u>8,973,005</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accruals	588,328	488,589
Maintenance fees billed in advance	2,884,308	2,695,849
Short-term deferred special assessments	<u>399,477</u>	<u>-</u>
	<u>3,872,113</u>	<u>3,184,438</u>
<b>Non-Current Liabilities</b>		
Deferred special assessment	<u>2,521,697</u>	<u>3,120,913</u>
<b>Members' Equity</b>		
Retained earnings	2,682,747	2,957,555
Net result for the year	<u>254,686</u>	<u>(289,901)</u>
	<u>2,937,433</u>	<u>2,667,654</u>
	<u>9,331,243</u>	<u>8,973,005</u>

For a better understanding of the Association's financial position as of October 31, 2007, the condensed consolidated balance sheet as of October 31, 2007 should be read in conjunction with the consolidated financial statements from which the accompanying condensed balance sheet was derived.

**CONSOLIDATED INCOME STATEMENT**  
(STATED IN UNITED STATES DOLLARS)

	Year ended October 31,	
	2007	2006
<b>Income</b>		
Maintenance fees	2,689,208	2,463,600
Income on resale of weeks	586,177	172,807
Income from rental program	85,228	86,292
Concession income	242,972	206,927
Release on special assessment	199,738	-
Other income	<u>496,735</u>	<u>403,720</u>
Total Income	<u>4,300,058</u>	<u>3,333,346</u>
<b>Expenses</b>		
Front desk and reservations	219,716	208,712
Member relations	101,153	106,447
Housekeeping & laundry	674,922	640,515
Maintenance buildings, grounds & pools	639,346	614,475
Security	190,815	188,995
Utilities	637,625	631,790
Administrative & general	551,278	698,080
Taxes & insurance	104,108	102,067
Telephone expenses	48,432	61,501
Resale expenses	39,632	33,944
Management expenses	194,722	143,561
Depreciation expenses	498,623	193,460
Settlement Charge	145,000	-
	<u>4,045,372</u>	<u>3,623,247</u>
<b>Result before profit tax</b>	254,686	(289,901)
<b>Profit tax</b>	<u>-</u>	<u>-</u>
<b>Net result for the year</b>	<u>254,686</u>	<u>(289,901)</u>

For a better understanding of the Association's financial position as of October 31, 2007, the condensed consolidated balance sheet as of October 31, 2007 should be read in conjunction with the consolidated financial statements from which the accompanying condensed balance sheet were derived.

**FOOTNOTE TO AGENDA POINT 3**  
**Aruba Beach Club Cooperative Association**  
**ARUBA BEACH CLUB PROPOSED BUDGET FOR 2008/2009 FISCAL YEAR**

	<b>PROPOSED BUDGET 2008/2009</b>	<b>APPROVED BUDGET 2007/2008</b>
Income:		
Maintenance fees	\$ 2,906,143	\$ 2,817,842
Penalty Income	40,000	40,000
Interest	50,000	50,000
Telephone income	45,000	45,000
Income on resale of weeks	203,000	260,000
Income from rental program	75,000	120,000
Concession income	215,000	210,000
Energy Surcharge & No Show	258,640	228,000
Release on Special Assessment	399,480	0
Other income	19,000	12,000
Total income	\$ 4,211,263	\$ 3,782,842
Expenses:		
Front desk and Reservations	241,701	229,109
Member relations	69,300	69,000
Housekeeping & Laundry	749,099	702,833
Maintenance	623,158	594,931
Security, Grounds & Pool	288,307	265,226
Utilities	653,000	638,000
Administrative & general	565,375	549,837
Taxes & insurance	128,600	133,700
Telephone expenses	45,000	60,000
Resale expenses	40,000	40,000
Management expenses	197,277	183,144
Depreciation - other	170,930	317,062
Depreciation - renovation	439,516	0
Total expense	4,211,263	3,782,842
Result before profit tax	0	0
Profit tax	0	0
Net result for the year	0	0

**Note:** The approved 2007/2008 total budget expenses of \$3,554,842 included the energy surcharge and no show income in the amount of \$228,000. This has been reclassified to income in compliance with IFR standards.

**FOOTNOTE TO AGENDA POINT 4**

Re Article 25, Registration of Membership-Para 2, reads; *"All members may inspect the register (Member list) during normal business hours, and may make a copy or extract of same, any cost thereof to be borne by such member"*. Remove that portion of the Article that reads; *"and may make a copy or extract of same, any cost thereof to be born by such member."*

**Reason:** To protect the privacy of the individual members, avoid the sale or commercial use of this list and prevent any potential identity theft.

**THE BOARD RECOMMENDS A FOR VOTE ON THIS POINT**

**FOOTNOTE TO AGENDA POINT 5**

Many Members have given the Club their e-mail address which it uses exclusively for communication with the membership such as, the Newsletter, broadcast e-mails and other special notices. The Board wishes to maintain the privacy of this information to prevent possible commercial use of this information and prevent any potential identity theft.

**Question:** Do you want your e-mail address released to another member who requests it for any reason?

**THE BOARD RECOMMENDS A NO VOTE ON THIS POINT**



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Orange Beach AL 36561-1524



**ARUBA BEACH CLUB PROXY BALLOT**

**NOTE: THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" AGENDA POINTS 1 THROUGH 4 AND "NO" TO AGENDA POINT 5**

AGENDA POINT 1	<input type="checkbox"/>	FOR	<input type="checkbox"/>	AGAINST
AGENDA POINT 2	<input type="checkbox"/>	FOR	<input type="checkbox"/>	AGAINST
AGENDA POINT 3	<input type="checkbox"/>	FOR	<input type="checkbox"/>	AGAINST
AGENDA POINT 4	<input type="checkbox"/>	FOR	<input type="checkbox"/>	AGAINST
AGENDA POINT 5	<input type="checkbox"/>	YES	<input type="checkbox"/>	NO

I hereby appoint Deloitte & Touche to represent me at the Annual General meeting of the members of the Aruba Beach Club to be held April 15, 2008 at 10:00 a.m. or at any other adjournment thereof, to vote all shares as designated.

Date \_\_\_\_\_, 2008 Signature \_\_\_\_\_

Print Name \_\_\_\_\_ Exactly as shown on label

**MEMBER #** \_\_\_\_\_ **# OF VOTES** \_\_\_\_\_

**SEE UPPER RIGHT HAND CORNER OF YOUR MAILING LABEL FOR THIS INFO.**