



The Spyglass

VILLAS I

Dear Bluebeard's Castle Owners,
 Welcome to this summer's Villas I and the Castle activities update. As many of you have already witnessed, renovations are now complete for Hilltop Villas I and II and will be complete for Villas III in August. Construction in the Common Areas, however, will continue for the upcoming year, as all Associations have elected to address these areas via a phased construction approach. As you will remember, Kraus Manning, our Project Managers, provided the Associations with this phased approach to Common Area renovations at the request of the LLC Board primarily to effectively manage yearly costs to the Associations as well as provide an avenue to effectively choose projects given the limited financial resources. In this report, I will recap for you our progress in the Common Areas and how these renovations play into our Villas I budget. I will also give you an update on the last stages of our litigations. Most importantly, however, Villas I has reached a milestone this summer with the commencement of our own renovations. I will outline what we have done, what we will be doing and outline our project budget estimates as well. I hope the following information will be helpful to put all of this work in perspective on an overall scale.

Over the last two years, the cases against ESTI (Fairfield) and Kosmas were settled. In the settlement with Fairfield, the Associations were awarded \$17,500,000 along with the deed to the common buildings and grounds. The attorneys' fees and court costs for this settlement amounted to \$5,192,297. This left \$12,307,703 to be distributed among the Associations. The settlement in the Kosmas case was \$450,000. Attorneys' fees and court costs were \$159,520, leaving the Associations with \$290,480 to be distributed. The overall distribution of settlement proceeds among the four Associations was:

Hilltop Villas I and II	\$5,590,470
Villas III	\$4,243,490
Pirates' Pension	\$ 662,000
Villas I	\$2,102,233
Total of Fairfield and Kosmas	\$12,598,193

The case against Cavanaugh and Reighley continues. In the fall of 2009, the Boards met in New York with Cavanaugh and Reighley at an attempt at a resolution which did not come to fruition. Subsequently, Cavanaugh and Reighley filed a motion seeking to have the Board's case against them ended and in January this year, the Boards' filed their response. Both parties now await the Judge's decision. There is no guarantee when the ruling will be made and if the Judge denies the motion, the case will be set for trial in Pittsburgh sometime in the coming months. Costs for these proceedings can not be determined at this point.

In 2009, Villas I retained the services of Kraus Manning, Inc. (KMI) as Project Manager for the restoration of our buildings. This is the same Project Manager that the LLC retained for its renovations. During the course of the year, KMI evaluated our property and prepared a narrative. With the Board's assessment of repairs/renovations, KMI provided Villas I with a Summary Budget Estimate. In March of 2010, KMI and Board members conducted a detailed walk through of all units and the property. Adjustments were made to the original estimate and a final budget estimate for renovating Villas I buildings was submitted totaling \$1,783,101.

In an effort to be self supporting, we are not decommissioning all of our buildings at the same time for construction. By doing this, we will save on the fees charged to house owners in other Associations when possible. Schedule-wise, our renovations will start with Building 18 (West Wing) to be followed with Building 17 (North Wing) and Building 16 (The Cottage). Each building will be handled the same with respect to the order in which renovations will be conducted. First, the entire exterior envelope will be addressed, followed by the interior renovations and then finally ending with interior room design and furnishings. All renovations are scheduled to be completed by the end of November 2010.

Some of the major items currently budgeted for are as follows:



The exterior renovations planned for Villas I include: the replacement of all gutters with new larger and seamless gutters to better accommodate water flow, replacing fascia and trim as necessary, replacement and/or repair and paint all damaged stucco, repair the West Wing ramps, replace the wooden roof over unit 99 deck with corrugated metal and paint to match surrounding roofs, repair and clean corridor grout and tile, and remove the decaying decks on the far side of Building 18.

The interior renovation plans include: replacing all copper pipes in bathrooms and kitchens with CPVS pipe, complete renovation of bathrooms, complete kitchen upgrade to include stove, dishwasher and full size refrigerator, replacement of the interconnecting doors on the decks with metal doors that will not deteriorate as fast as the wooden doors we currently have, replacement of the sliding doors leading to the patios with Miami-Dade compliant sliders which will provide substantial insurance savings, and upgrading all units with new furnishings via the aid of an interior designer. In addition, by popular

demand, we once again have beautiful sliding shutters instead of drapes in all units.

Laundry rooms for both the West Wing, North Wing and Cottage will be constructed for the use of our owners.

As mentioned above, the Boards have received \$12,598,193 in settlement proceeds. While the budgeted capital repair expenses for the associations are not fully known, as expected, the total capital expenditures to fully restore all four Associations and the common areas will exceed the settlement funding received. This could very possibly be to the tune of \$1 million to \$2 million. Although this is a significant shortfall, the LLC and all Associations are doing everything possible to reduce capital repair expenses to a more manageable level.

Based on the amounts of the Boards' approved (and in some cases completed) repairs to their Associations' buildings and the amount of funds each Association would need to contribute to complete ALL of the proposed common area projects identified by KMI, the LLC has been working diligently to complete as many common area projects which have been identified as critical and which are not cost prohibitive. Those projects that remain incomplete in 2010 will need to be planned and budgeted to be completed in future years. It is important to keep in mind that common area expenses are shared among the four Associations and all Boards must work together by budgeting and planning for these expenses collectively. Over time, all Associations hope to be able to afford their fair share of important common area rehabilitation costs, but obviously some work will have to be delayed until funds are available from all Associations.

As a review, the following projects were approved in August 2009 by the Great Vistas LLC Board of Directors:

• Drainage issues at Main Building area	\$9,623
• Move Housekeeping to Old Laundry	\$31,985
• Repair parking deck at Pirates' Pension	\$61,725
• Concrete columns under pool deck	\$23,147
• Housekeeping Building demolition	\$88,534
• Pool drain issues	\$15,431
• Building 7 conversion to temporary check-in and phone room	\$123,673
• Water distribution-replace pumps	\$98,420
• Lobby Building restoration	\$1,088,010
TOTAL EXPENSE	\$1,540,548

Villas I's share of this common area expense is \$243,869. The following is an update on the status of these projects as provided to us by Kraus Manning.

Lobby Building: new phone and television lines have been run to PBX closet in the temporary check-in building; Innovative repairing splices for the phone system; the building permit application was submitted to DPNR for renovation work on the Lobby Building; the final scope of work was completed, bid packages were provided to the trades and quotes have been received and unanimously approved by the LLC; demolition has begun and is expected to be completed in December. Kraus

Manning is working on a plan to re-route people to the restaurants while construction is taking place on the Lobby Building.

Maintenance Building: contractors have begun after some changes to the location of washers and dryers which would not affect the total cost. Work commenced the week of April 19 and took about three weeks to complete.

Building 6: renovations are complete and ready for final paint and A/C units; new canopy installed outside of temporary check-in area. The new canopy needed to be taken down and stretched due to water gathering, therefore, final payment has not been made to assure complete satisfaction.

Boiler Room (Building 14): leaking roof panels have been replaced and new double leaf entry doors have been installed.

Pool Deck: the spa support column repairs are complete and the new spa has been installed. The new spa is about the same size as the spa that was removed.



Parking Area: the parking area west of Hilltop Villas II has been temporarily repaired and will be paved when all construction is complete.



Elevated Parking Deck (near Pirates' Pension): repairs to the slab and beams are ongoing.

Housekeeping Building Demolition: awaiting relocation of Housekeeping to Maintenance prior to starting.

Site Electric Survey: this item is part of Phase 2, however, because of safety concerns, Kraus Manning was asked to complete an analysis of the electric system and draft recommendations and costs. This survey is now underway.

With several of the common area projects from this initial phase now complete and work well underway on others, the Great Vistas LLC Board of Directors recently considered additional projects. Last month, the LLC Board approved the following projects:

• Electrical—Site Survey & As Builts	\$18,444
• Site Survey for Water, Sanitary, Storm and Cistern	\$18,444
• Castle Structure Stabilization	\$310,902
• Banana Tree Restaurant Roof	\$27,004
• Building 6 Renovations	\$68,283
TOTAL EXPENSE	\$443,077

Villas I has agreed to contribute to this next round of common area projects in the amount of \$70,139.

It is anticipated that the Site Surveys approved by the LLC Board will identify additional work requirements on our electrical, water, sanitary and storm systems as well as our cisterns. The extend of that work will not be known until the surveys are completed.

An additional project considered by the LLC Board, but not approved at this time, was restoration of the Sales Building. KMI has estimated a restoration cost of about \$920,000 for mold remediation, roof replacement and stabilizing the walls on the perimeter of the building. The Board considered this very significant expense vs. possible revenue from rental following restoration and determined to defer this project at least for now. Kraus Manning is preparing a scaled down proposal to include treatment for mold and elimination of further water intrusion.

To recap Villas I's overall status with respect to the dollars, we have thus far received and committed to the restoration of our Association, as well as to the Common Areas for the following:

Villas I Award from ESTI	\$2,102,233
Total Cost of Villas I Only Renovations	\$1,783,101
Villas I 2009 Contribution to Common Area Renovations	\$243,869
Villas I 2010 Contribution to Common Area Projects	\$70,139

Together with SPM, we have worked hard to stay within our budget, yet provide what is necessary to accomplish what we have fought hard for over the past five years. That is to restore the Castle to what it once was; a first class resort. We are well on our way to achieving this goal and hopefully you will realize the tremendous efforts from everyone involved when you visit the Castle.

This ends the recap of current renovation activity. There are, however, three additional points of interest I would like to cover. First, the four Association's Boards working together have managed to significantly reduce property and liability insurance expenses while expanding coverage. Earlier this year, the Boards mutually agreed to retain the services of an outside insurance consultant to evaluate Bluebeard's existing coverage and provide recommendations for future coverage. With those recommendations in hand, the Boards asked the consultant to prepare insurance specifications and solicit quotes for coverage. Three quotes were received and evaluated and the successful agency was Tunick Insurance Agency in St. Thomas. As a result of this process, Bluebeard's Castle was able to reduce property and liability insurance premiums by more than \$300,000 from last year. This is a direct savings to our 2010 budgeted insurance expense.

Secondly, there is ongoing litigation on island against the VI government for not properly determining the valuation of a timeshare unit for tax purposes. All four Associations at Bluebeard's are in favor of supporting this effort by providing information/documentation when possible.

Last, but not least, we are all saddened at the sudden passing of David Wood, maintenance supervisor at Bluebeard's Castle. Our condolences go out to the family and he will be sorely missed.

In closing, the Villas I Board would like to thank owners for their support as we continue to work diligently on your behalf.

Darwyn Harris, President
Villas I Board of Directors

**RESTAURANTS ON PROPERTY
FOR YOUR CONVENIENCE AND ENJOYMENT
Spend the evening watching the sunset while dining
at one of the finest restaurants on the Island.**

BANANA TREE GRILLE

Serving dinner Tuesday-Sunday (5:30 p.m. to 9:30 p.m.)
Happy Hour 5:30 p.m. to 6:30 p.m.
Closed Monday

ROOM WITH A VIEW

Serving dinner Monday-Thursday (5:00 p.m. to 11:00 p.m.)
Happy Hour 5:00 p.m. to 7:00 p.m.
Open Friday and Saturday 5:30 p.m. to 12:00 a.m.
Closed Sunday

CABANA BAR

Serving dinner Wednesday-Monday (5:00 p.m. to 10:00 p.m.)
Happy Hour 5:00 p.m. to 7:00 p.m.
Closed Tuesday

CASTLE TRADERS

Open seven days a week 8:00 a.m. to 5:00 p.m.

**LIFE'S A BREEZE at BLUEBEARD'S CASTLE
(Pool Bar)**

Serving breakfast and lunch seven days a week
8:00 a.m. to 5:00 p.m.



VILLAS I RECEIVES 'CLEAN' AUDIT

An independent auditor conducted an audit of the association's financial statements for 2009. We are happy to report the association received a 'clean' audit. It was the auditor's opinion that the financial statements were presented fairly, in accordance to the modified cash basis of accounting and accepted auditing standards.

BLUEBEARD'S CASTLE - VILLAS I

2010 ANNUAL MEETING

**Embassy Suites Philadelphia
9000 Bartram Avenue
Philadelphia, Pennsylvania 19153**

SATURDAY, OCTOBER 30, 2010

**12:30—1:00 p.m. Registration
1:00—2:00 p.m. Annual Meeting**

A NOTE FROM YOUR GENERAL MANAGER, MARGARET JOHNSON

Greetings from your resort team at Bluebeard's Castle. Everyone has been very busy and focused on providing the best vacation experience during our peak season, which is now winding down.

Along with many successes we have experienced, comes challenges, and there is no exception at Bluebeard's Castle as we move forward with renovations. We would like to thank each and every one of you for your patience while renovations are underway. We hope you, as an owner, will be proud to visit Bluebeard's Castle to see for yourself how the units and property have been refurbished and restored.

There is much anticipation as we await the renovations to be completed in our beautiful lobby building. The resort staff are training on new computer software and updated technology. Cable television and wireless Internet access will also provide updated technology throughout the resort.

We appreciate the response to our new email address bbcfrofrontdesk@spmresorts.com. If you have not already done so, please email us your name, account number, week & unit owned using this email address, so we can update our owner database with your current information.

Some of the accomplishments to the **Common Areas** are:

- Replaced hot tub on pool deck and repaired various water pumps throughout the resort.
- Refurbished the pond at the Castle entrance.
- Replaced new light posts and improved lighting in walkways and remote areas.
- Improved landscaping with new plants around the Castle. Relocation of plants and trimming of palm trees and shrubs.
- Power washed and painted walkways and railings.
- New awning at the temporary lobby.
- The old Owner Service lounge has been renovated and lobby relocated. PBX is also being relocated.
- Wireless Internet access is in the process of being installed throughout the resort.
- Maintenance building has been undergoing changes with relocation of the Housekeeping building, Administrative offices and the temporary relocation of Castle Traders.
- Smoking receptacles are now located around the resort & pool area.

Hilltop Villas

- New landscaping has been placed along the exterior of HTV I and II. Replaced trash cans on all floors and in the trash bins.

Pirates Pension

- Completion of Galleon and Privateer buildings. Frigate and Corsair to be completed by September 2010.
- Purchased new hot water heaters.
- Trimming of trees below the Pirates' Pension property facing the harbor.
- New 42" flat screen televisions and DVD players.

Villas I

- West Wing closed for renovations.
- Renovations to be completed in all Villas I buildings by November 2010.

Villas III



Renovations underway with scheduled completion the end of July 2010.

The above accomplishments were made possible by the combined efforts, dedication and positive goals among all Association's Board of Directors, Project Managers, SPM Resorts and resort staff working together to enhance Bluebeard's Castle. Thank you again for your continued support.

ACTIVITIES and CONCIERGE SERVICES AT A GLANCE

Beth DiDomenico, Director
edidomenico@spmresorts.com
 Phone (340) 774-1600 ext 4521

We are very excited about the terrific services being offered in the Activities and Concierge Department. The following are a few:

- **Concierge Services:** Resort staff will do everything possible to accommodate you with regular or special needs before arrival and during your stay. Please let us know if you need handicap equipment rental, a list of restaurants, infant equipment such as stroller, car seat or nanny services.
- **Car Rental Reservations:** Bluebeard's now offers an arrangement with Avis to reserve a rental car prior to arrival. Avis has newer cars that are regularly serviced and maintained. 
- **Tour Bookings:** Bluebeard's offers information on a wide variety of tours and activities including: Scuba Diving, Coral World Semi-Submarine, Butterfly Farm, Historic Walking Tour, parasailing, Paradise Point Tramway, Scenic Island Drive, full day, half day or dinner cruises, charter fishing, power boat rental and much, much more. We regularly monitor licensing, insurance coverage and Coast Guard certification on all tour vendors.
- **Personal Shopping:** owners are able to purchase grocery items prior to arrival to avoid expensive taxi fares and island traffic. These items will be in your unit when you arrive.
- **Activities:** A wide variety of activities are offered for all ages: Island Trivia, Nature Walk, Power Walking, Shop Talk, Book Exchange, Scavenger Hunt and Story Time to name a few.
- **Wedding Package and Group Bookings:** Bluebeard's Castle will be providing a complete wedding package to make that special day picture perfect as well as special group rates for meetings and conferences. 

Please contact Beth DiDomenico by email or phone **at least two weeks** prior to your arrival if you are interested in any of the above services.

**VILLAS I
SPM COMMENT CARD RESPONSES**

Your Board of Directors, management company SPM Resorts, and resort staff would like to encourage you to fill out the SPM Comment Cards. Your comments are important to us.

Bonita writes: People are great, unit is clean, restaurant, pool and terrace are great.

James writes: Hearing all the good things happening at the Castle. Bravo Margaret and staff!



CALL FOR NOMINATIONS

July 2010

Dear Bluebeard's Castle Villas I Owners,

The 2010 Annual Meeting of the Bluebeard's Castle Villas I Owners' Association will be held on **Saturday, October 30, 2010**. There are three (3) positions on the Villas I Board of Directors to be elected at the meeting.

The primary function of any Board of Directors is to oversee the Management Company in the implementation of operating and financial policies established by the Board to protect the vacation experience and the investment of the Owners. Each member of the Board must attend Board meetings normally held via telephonic conference as necessary, but at least quarterly, and review monthly financial statements and other materials. These **NON-PAYING, VOLUNTEER POSITIONS** are very time consuming and require many hours of work. It is strongly recommended that you be proficient with e-mail as this is a very efficient and inexpensive way for the Directors to communicate.

Any person who wishes to serve on the Board of Directors must: (1) be a current owner in good standing; (2) be willing to commit the time necessary to fulfill Board responsibilities; (3) work without compensation, except for reimbursement of expenses; and (4) have life experiences relevant to Board functions that demonstrate a probable disposition to problem solving on a cooperative team basis. Reimbursable expenses include travel, lodging and meals while attending Board meetings and any other approved expenses incurred in connection with Board business.

If you are interested in volunteering as a candidate for election to the Board of Directors, please send your resume to:

**Bluebeard's Castle – Villas I
2010 Election
c/o SPM Resorts, Inc.
Attn: Lin Packard
1051 Shine Avenue
Myrtle Beach, SC 29577
Fax: (843) 238-5001
Email: lpackard@spmresorts.com**

Resumes should be no more than 50 words, stating your name, contact information (address, phone number, email address), occupation, qualifications and experience, and why you want to serve on the Board of Directors. **All resumes must be received no later than August 25, 2010.** If your resume exceeds 50 words, it will be returned with a request for editing. The resume of each qualified candidate, in accordance with the Bylaws of the Owners' Association, will be included in the ballot materials sent to each owner in connection with the corresponding 2010 Annual Meeting.

If you have any questions concerning this election, you may contact Lin Packard @ (843) 238-5000 ext. 3086.

Respectfully submitted,

The Bluebeard's Castle Board of Directors
for Villas I Owners' Association

**BLUEBEARD'S CASTLE
PO BOX 7158
ST. THOMAS, USVI 00801-0158**

**PHONE: (340) 774-1600
FAX: (340) 774-4653**



Professionally managed by:



WE ARE HERE FOR YOU !

We are happy to assist you in every way possible to answer any questions you may have regarding your vacation ownership here at Bluebeard's Castle. Please note the following:

RESERVATIONS

***Preferred Method of Contact
bbcFrontDesk@spmresorts.com
Ph (340) 774-1600
Fax (340) 776-4653**

**RCI EXCHANGE
(800) 496-2247**

**MANAGEMENT
SPM RESORTS, INC.
1051 Shine Avenue
Myrtle Beach, SC 29577
Ph (843) 238-5000
Fax (843) 238-5001**

**OWNER SERVICES
Rep: Jamie Logan
jlogan@spmresorts.com
Ph (843) 238-5000 ext 3084**

**VILLAS I
BOARD OF DIRECTORS**

Darwyn Harris, President
harrisandus@yahoo.com

Richard Fleck, Vice President
fleckcpt@hotmail.com

Ruth Mattoon, Director at Large
ruthmattoon@aol.com

**WEEKLY OWNERS'
MEETINGS WITH THE
GENERAL MANAGER**

Tuesday Morning

10:00 a.m.



**Join us to learn more about what is
happening at your resort.**

**CHECK OUT TIME
10:00 a.m.**

**CHECK IN TIME
4:00 p.m.**



Please abide by this schedule so that the housekeeping and maintenance staff have the necessary time to get your unit ready for you or the next guest that will be arriving.



WANT MORE INFORMATION ?

To gain access to frequently updated resort information, log on to www.spmresorts.com. At the top of the main page, you will see OUR RESORTS. From the list click on ST. THOMAS. From the list of Bluebeard's Castle Associations, click on the resort of your choice. In the right column, click on VIEW RESORT DOCUMENTS. Once you have opened VIEW RESORT DOCUMENTS, another option called VIEW DOCUMENTS appears below. Here you will find a variety of information from Maintenance Updates, Newsletters, Refurbishment Information, etc.