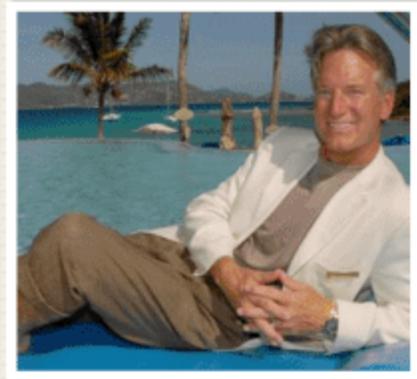


GREAT BAY CONDOMINIUM OWNERS ASSOCIATION

Changes at the Top:

On September 29, Ron Parker--General Manager of the Ritz Carlton Club, St. Thomas since November 2007, accepted a position as General Manager of our sister Club at Abaco. Like many of our Members, Ron is a native New Yorker who became seduced by the Caribbean and the island life style. For Ron, Abaco in the Bahamas--still far south of the Big Apple--is about as far north as he is prepared to go. Ron was General Manager during some of our Club's most ambitious projects, including the refurbishment of the Residences and the installation of our new, state of the art air conditioning system. Having worked in partnership with the Board through numerous challenges, Ron departs with our affection and best wishes.



As a token of our appreciation of Ron's dedicated service, the Board commissioned resident Island artist, Lucinda O'Connell, to create a watercolor map of the islands he leaves behind, which was presented to Ron prior to his departure.



The Board is pleased to report that Ritz-Carlton has appointed a successor to Ron Parker who we all agree has exactly the right qualifications. Ron Hulsey has tremendous experience in management and leadership positions, including more than 20-years managing a 5,436 residential community. In addition, he spent three recent years in Grand Cayman, managing the Ritz-Carlton resort and villas. Please join the Board in congratulating Ron on his new position and welcoming him personally on your next visit.

Ron Hulsey, our new GM

We also take this opportunity to commend and thank Dewiet Miller, Director of Operations, who did an outstanding job managing the Club during the last few months. Dewiet and his team all excelled during the challenging hurricane season. We salute them for their hard work culminating in a job well-done.

It is with mixed emotions that we report Dewiet is moving up in the Ritz-Carlton organization, having accepted a position as Director of Food and Beverage at the Ritz-Carlton Hotel in Denver. The Board found Dewiet the “Go-To” professional when things needed to get done quickly and done correctly. We are sorry to see him leave but are pleased that his many contributions have been noted, and rewarded. We wish Dewiet all the best in Denver and look forward to seeing him back on Island whenever the opportunity may arise.

Dewiet will be succeeded as Director of Operations by Alberto Pirozzini, who also has vast experience in the hospitality business, serving most recently as General Manger of the Hotel Savoy, and prior to that the Hotel Lungamo—both hotels in Florence, Italy. Alberto also has extensive management experience in the U.S. with Ritz-Carlton, Four Seasons and Starwood Hotels. And he is intimately familiar with our Club, having also managed the hotel side in St. Thomas in 2007 and 2008. We welcome Alberto back into our St. Thomas family.

Veteran Director Nancy Elizabeth Shaw steps down to oversee Suites Refurbishment

It is with both gratitude and sadness that the Board accepts the resignation of Nancy Elizabeth Shaw, who in 2003 became the first elected Member-Representative on our Board. The Board is pleased that Nancy has agreed to manage the refurbishment of the Club Suites given the cost savings along with artistic contributions she brought to the refurbishment of the Residences. Nancy’s term was to expire next February and--under the term limits that she and former Board President Sal Cutrona introduced--would have been ineligible to seek re-election. We thank Nancy for her tireless efforts on behalf of the Membership. Though she is no longer a voting member of the Board, she is now serving in the position of Director Emeritus (see below), where her experience and expertise can be called upon by Board members to ensure a smooth transition to new volunteers.



The Board has named Abbey Roberts Chung to complete Nancy’s unexpired term. Abbey, who has extensive executive management experience with several Johnson and Johnson operating companies, has served as a volunteer Member-advisor to the Board since last January, and upon her recent appointment agreed to serve as chair of our Finance Committee. We thank Abbey for her valuable assistance to the Board and the Association.

Under the Association’s Term Limits rules, Directors may only be elected to two terms of Office. Accordingly, former Board President Sal Cutrona--first elected in 2003--will also be leaving the Board in February, 2011. The departure of Sal and Nancy leaves two important Board vacancies to be filled at the next Annual Members Meeting of the GBCOA February 13, 2011. The Board is actively seeking candidates for these volunteer positions. Board members receive no pay but are reimbursed for actual expenses incurred for travel, lodging and meals. A commitment to travel up to four times a year for Board meetings, monthly conference calls and additional committee work is required from all Members who serve on the Board.

To apply, one must complete a “Volunteer Form” which was e-mailed to all Members last month and which can also be obtained from Jo-Anne Felix, Executive Assistant to the General Manager. ([REDACTED] or [REDACTED]) Nominees for Board positions will be reviewed and selected by the Directorship & Governance Committee of the Board and submitted to the Members for election. It is expected that a minimum of four nominees will be selected and presented to the Members for the two open positions this year.

We anticipate the challenges and opportunities facing the Board over the next three years to include general financial oversight and management of delinquent accounts. (An accounting and/or audit background is a plus.) Project and property management skills are also important as would a background in the hospitality business. There are, however, no hard and fast prerequisites for Board service other than that the candidate be a fully paid Member in good standing. Applications must be submitted to Jo-Anne Felix by November 30.

Board Service is time-consuming and often entails dealing in complex issues. To facilitate the smoothest Board turnover, the Board has adopted two important initiatives: The creation of “Director Emeritus Status” for highly qualified former Board Directors and the creation of Advisory Directors, a volunteer, non-voting position for Members willing to share their time and expertise with the Board.

Both Emeriti Directors and Advisory Directors are reimbursed for out of pocket travel expenses for attendance at regularly scheduled Board Meetings. It is our expectation that by participating and listening in on the Board’s deliberations, Advisory Directors will be more prepared if later nominated and elected to serve on the Board. We believe the value of past Board Members continuing to offer their assistance and expertise is self-evident and, without dissent, the Board elected former Director Nancy Elizabeth Shaw to serve in such an advisory, non-voting capacity in the 2010-2011 Season.

OUR CLUB GETS A FACELIFT--



While you’ve been away, we’ve been busy. Steve Redan, who chairs the Board’s Asset Management Committee, reports that the Club has been using the “Shoulder Season” downtime to repaint two of our buildings, Iris and Jasmine, with Lily and Kava to be painted in 2011. The Suites buildings will be repainted in 2012, after we complete the refurbishment that is discussed below. As part of the repainting project, all of the soffits and gutters are being replaced due to rusting and their overall deteriorating condition. Steve reports the project is going well--on time and on budget--and you’ll notice this and other improvements on your next visit.

On that same general topic, this last spring it became apparent that the Residence doors—which had withstood eight years of service in our high humidity climate—needed to be replaced. The Board selected natural South American mahogany doors, finished with spar varnish as is used on wood for boats, as the most serviceable alternative for a beautiful, yet functional, door. Most of the fine homes in the Caribbean have mahogany, teak or cypress doors, as they withstand the climate better than other materials. All 82-Residences plus the Members' Lounge now have these beautiful doors installed. We hope you enjoy this enhancement to our Residences.



Meanwhile, the refurbishment of the Club Suites is now fully underway. Our original plan called for us to draw on design uses in the Residences during that refurbishment project two years ago. The timeless West Indies style, extension of the clean stone floors and the beautiful fabrics have been so well received by the Members that we know the Suites owners will enjoy a similar refurbishment.

There are some structural differences between the Suites and the Residences, however, that have led the design team to think more broadly for the Suites. The most important consideration is the color of the flooring – gray and white marble in the kitchen, hallways and bathrooms – and the warm gray/brown of the kitchen cabinets and granite counter tops. The Board intends to either have a model or 3D renderings of the proposed interior design



for the Suites early next year so that Members can review the plans and provide their comments and suggestions as they did so successfully with the remodeling of the Residences.

Should you have comments or suggestions you would like to share with the Board, please contact Project Manager and former GBCOA Board Member, Nancy Elizabeth Shaw at [REDACTED]

FINANCIAL UPDATE:

As of October 8, 2010 our controllable operating results are favorable when compared to the 2010 Budget due to cost saving measures taken by your Board and the Management Company; in particular, the lower than forecast utility costs of \$156,000, coupled with other savings in controllable expenses such as concierge services and repair and maintenance, should generate close to \$550,000 in savings this year.

Unfortunately, these gains have been somewhat offset by the growing number of Members who fail to pay their annual assessments in a timely manner. As you know, we instituted a lock-out policy to prevent delinquent Members from utilizing their Units until they become current on their assessments. We are also strictly enforcing the immediate 15% late fee (nearly \$2000 for a two bedroom residence) on past due accounts and interest at the rate of 9% per annum on unpaid balances. We also initiated a program that now allows delinquent Members to rent out their residences as long as the rentals are at a rate no less than the Guest of Member Rates, (currently at \$665 for a 2 bedroom and \$810 for a 3 bedroom) and, most importantly, all rental proceeds must go directly to the Delinquent Member's Club account. We are contemporaneously using all means at our disposal to further encourage delinquent Members to pay their fair share, including the legal system. In the last year, we have obtained roughly half a million dollars in *personal* judgments in the courts of the Virgin Islands, and have collected or have commitments from delinquent Members to pay over \$150,000 in past due assessments, penalties and interest. Finally, we have retained a law firm specializing in collections (Cohn and Dussi, LLP) to help recover these judgments and to obtain new judgments against delinquent Members. Since their retention several months ago, the firm has already recovered more than \$120,000 for the Association. We have placed more than a million dollars in claims with Cohn and Dussi, LLP, and we are optimistic they will be bringing in substantial amounts of past due assessments in the months ahead.

Your Board, along with the Boards of several of our sister Clubs, has determined that it is more effective and efficient to outsource both the billing and regular collections to a premier service provider, Concord Service Corporation, at a lower cost than that charged to us by Marriott Financial Services. This service is now in place for the 2010-2011 annual billing. Concord has also instituted a long overdue practice of sending monthly statements to Delinquent Members which we hope may give them added incentive to bring their accounts up to date.

Because there is no way of accurately predicting the revenue these efforts will produce, the net recovery is not included in our 2011 financial forecast but, when received, will be applied to offset period expenses. The delinquency rate at our Club still remains below the national average for condominium associations. Your continuing commitment to pay annual assessments on time, despite the economic hardships that confront all of us, helps us keep our costs under control. The bills for the 2010-2011 season with a due date of November 15, 2011, were mailed to all Members last month. If you haven't received your bill by now, we urge you to contact Ritz Carlton Member Services at (800) 451-7000 (Concord Service line). To the vast majority of our Members—those who have paid their assessments on time year after year—we thank you for your cooperation in this critical area.

As we look to our operating budget for 2011, which was included in your recent billing statement, you will notice an increase of slightly more than 6% over last year's budget—an increase attributable almost entirely to bad debt. While the Board and the management company worked diligently to control and reduce costs, we were not able to offset all the factors that increased expenses despite the many changes that were implemented. Fortunately many of the programs that were executed by the Board and supported by the Membership are providing ongoing benefits. We are pleased to report that the 2011 Budget includes:

- Reduced housekeeping expenses of \$301,000 (green laundry program, we thank you for your participation)
- Reduced Concierge expenses of \$75,000
- Reduced utility expenses of \$156,000 (new air conditioning system/conservation)
- Reduced insurance expense of \$85,000

These reductions however were not sufficient to totally offset increases in other areas such as:

- Credit card fees of \$51,000
- Water and sewer use of \$36,000
- Member services of \$57,000
- Laundry services of \$116,000
- Bad debt expense of \$910,000

While our total budget has in fact increased, the work that has been done in controlling operating expenses will allow us to reduce the per diem rates as follows:

- Reduction from \$192 to \$179 per evening for a 2 Bedroom Residence
- Reduction from \$231 to \$215 per evening for a 3 Bedroom Residence
- Reduction from \$192 to \$179 per evening for a 2 Bedroom Suite plus meals
 - Please note that there is an additional per evening charge for meals when using the suites. For Suite Owners that additional meal charge is \$134 per evening and for Residence Owners (who are using the Suites) the additional meal charge is \$188 per evening. Rates become effective in January.

Mailing Address: It is the responsibility of the property owner to notify the Tax Assessor's Office of any change in their mailing address.

2006R

REVISED NOTICE OF CHANGE OF ASSESSMENT AND REAL PROPERTY TAX BILL
GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS

2006R

St. Thomas

DESCRIPTION OF PROPERTY							PARCEL NUMBER		
GREAT BAY CONDO UNIT 2503 WK 07							1-07803-0437-NG		
ASSESSED LAND	ASSESSED IMPROVEMENT	ASSESSED TOTAL	TAX RATE	AMOUNT OF TAX	LESS EXEMPTIONS	SEWER USER'S FEE	AMOUNT DUE	LESS CREDITS	BALANCE DUE
44,000	87,100	131,100	0.0125	983.25	0.00	0.00	983.25	0.00	983.25

THE TAX HEREON IS DUE AND PAYABLE ON AUG. 16TH 2010 TO THE GOVERNMENT OF THE VIRGIN ISLANDS AND BECOMES DELINQUENT IF NOT PAID WITHIN 60 DAYS THEREAFTER.

According to Title 33, Virgin Islands Code, Section 2451, if dissatisfied with this assessment, you have until Nov. 3rd 2010 to appeal to the Board of Review; no claim will be considered after this period. If you file such an appeal, you are invited to visit the Tax Assessor's Office in your jurisdiction. The Board of Review will be shown the details of the assessment and the method of arriving at the valuation. If errors are found they will be corrected.

ATTACH FEE INTEREST AMOUNT

PROPERTY TAX UPDATE:

After years of litigation, the 2006 St. Thomas Property Taxes are finally going out. Your Board, the Management Company, the American Resort Development Association (ARDA) and the St. Thomas Tax Assessor's Office are all working together to make this go as smoothly as possible.

The good news is that a tax reassessment program that had the potential to almost double our property taxes has been blocked and agreements have been reached with the Governor's office to prevent any such dramatic increase down the road. You should be receiving your bill from the Management Company in the next week to ten days, along with a summary statement explaining the bill and offering options on how best to pay. And you may be pleased to see that the 2006 tax bill remains at the original rate assessed at the birth of our Club. Your Board has been advised that *notwithstanding the due dates identified on the tax statement*, you will have an additional three weeks from the date of the mailing of your bill to pay it without penalty. We understand that some Members have already received their tax bills, apparently sent in error by the Office of the Tax Assessor. Although the later due date (early to mid-December) will still apply to those Members, they may if they choose make payment at any time. We strongly suggest, however, that all Members get written receipts for all taxes paid and that these receipts be stored in a safe, easily accessible place.

Should you have questions about your bill (including the amount if you haven't as yet received the bill), we believe the best place to go is the Office of the Tax Assessor in St. Thomas which can be reached at [REDACTED]. You of course may also wish to consult with your own tax advisor. Although the tax rate assessed for 2006 remains quite low, you retain the option to individually challenge your property tax assessment should you deem that appropriate.

Questions remain about the timing of taxes due in subsequent years and whether the Government of the Virgin Islands will resume its efforts to seek an increase in assessments. Your Board continues to monitor the Property Tax issue closely and we shall be sending you periodic notices as developments may warrant.

In closing, we thank you for your confidence and support and welcome the opportunity to hear from you. Please feel free to email us at any time. Our General Manager, Mr. Ron Hulsey, can also be reached at [REDACTED] or you may call him directly at [REDACTED]. We remain committed to continuing to make your interests our highest priority.

REMINDER: PLEASE VOTE.

Voting in the Board elections are particularly important this year with two senior Directors leaving the Board. Please make sure to review the slate of candidates carefully when the Member Meeting materials are sent in later this year and vote your choice. Every Member needs to participate to ensure good Club governance going forward.

With every good wish for the coming Holiday Season, we remain

Yours truly,

**GREAT BAY CONDOMINIUM OWNERS ASSOCIATION, INC.
6900 GREAT BAY; ST. THOMAS USVI 00802**

E-Mail: [REDACTED]

President:	John Doyle	[REDACTED]
VP & Treasurer:	Steve Redan	[REDACTED]
Secretary:	Tim O'Brien	[REDACTED] et
Director:	Sal Cutrona	[REDACTED]
Director:	Abbey Chung	[REDACTED]
Counsel:	Michael F. Marino, Esq.	[REDACTED]