

Draft May 15, 2008

**SEAWATCH ON THE BEACH
ANNUAL MEETING
FRIDAY, APRIL 25, 2008**

The meeting was called to order at 3:00 p.m. by President, Steve Hoffman poolside at Seawatch on the Beach, Ft. Myers Beach, Florida. Board members in attendance were: Mike Dammeyer, Steve Hoffman, Tim Pellerin and John Sykora. Attending from Hilton Grand Vacations (HGV) were: Michele Jenkins – Resort Manager, Don Fandrey – Assistant to the Resort Manager, Lael Kilpatrick – Regional Manager Resort Operations and Riki Martin – Administrative Assistant and Acting Recording Secretary for this meeting.

A sign sheet was circulated for the owners present in lieu of a formal roll call. There was a call for outstanding proxies.

APPROVAL OF PREVIOUS MINUTES

The minutes of the 2007 Annual meeting were sent to the owners in the newsletter in 2007. A copy was included in the agenda packet distributed to the owners in attendance. **MOTION was made and seconded to approve the minutes of the 2007 Annual meeting held on April 30, 2007.** All voted in favor. **Motion carried.**

MANAGER'S REPORT

Mrs. Jenkins thanked the owners for attending the meeting.

2007 Completed Projects

- New Tile in Lobby
- Wireless Internet in the units
- New pool furniture and umbrellas

Mrs. Jenkins announced that Linda Rice has retired and she introduced Stephanie Goolsby who has taken the position of Real Estate Associate for Seawatch on the Beach.

An owner expressed concern with the loud noise from the hot tub. Mrs. Jenkins will address the pool area hours with the Security guard.

BOARD OF DIRECTOR'S REPORT

Mr. Hoffman introduced the Board of Directors. Seawatch utility bill has decreased since the installation of the hurricane doors and the efforts of Mrs. Jenkins and her team. New sofa, loveseats and dining room chairs will be arriving in two weeks.

The Board of Directors decided at this mornings meeting to modernize the elevators and have accepted the bid from General Elevator. Installation will begin in approximately 15 weeks. They also approved to remodel the interior of the elevator cabs and accepted the bid from Retro Elevator.

The Board of Directors has agreed on a special assessment in the amount of \$275.00 per unit week. A letter regarding the special assessment will be mailed to all owners. President Hoffman reminded the owners that Seawatch had to pay the \$100,000 insurance deductible twice with Hurricane Charley and Hurricane Wilma without a special assessment.

FINANCIAL REPORT

Mr. Lopez of the CPA firm Myers, Brettholtz and Company, PA of Ft. Myers attended the morning Board of Directors meeting. The firm has audited the financial records through December 31, 2007. Mr. Lopez stated that the financial statements present fairly, in all material respects, the financial position of Seawatch on the Beach Condominium Association, Inc. as of December 31, 2007 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. A copy of the report will be available to any owner who may request a copy.

INSURANCE REPORT

A schedule of insurance was included in the agenda packet. The Association has property insurance under an umbrella policy for Hilton Grand Vacations including all risk perils, flood and windstorm at 100% replacement cost with a \$25,000 primary deductible. The perils of flood and "windstorm" for a named storm (with sustained winds of at least 75 mph within 25 miles of shore) have a deductible of 5% of the property value, but buy-down insurance was purchased to bring it down to \$100,000. The broker is Marsh; the primary carriers are ACE, Lexington, Commonwealth, Columbia Casualty, and Lloyd's of London. Public liability insurance coverage for the Association continues in effect for injury or damage to third parties with limits well in excess of \$100 million. Directors and Officers liability insurance of \$5 million and crime insurance as required by the State are also maintained.

RESALES REPORT

2007 SALES

Number of Weeks Sold	61
Dollar Volume	\$460,250
Average Price	\$7,545

2008 SALES Y-T-D

Number of Weeks Sold	24
Dollar Volume	\$204,350
Average Price	\$8,515

Number of Weeks Currently List for Sale	141
Volume	\$1,447,600
Listing Price Range	\$6,000 - \$25,000

RENTAL REPORT

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Nights Available	661	815	726
Nights Rented	324	425	433
Occupancy	49.0%	52.1%	59.6%
Gross Revenue	\$80,852	\$101,594	\$107,568
Average Rate	\$249.54	\$239.04	\$248.42
Weeks Available for Rent	93	114	73
Weeks with Rental Activity	58	73	64
% with Rental Activity	62.4%	64.0%	87.7%
Weeks Renting 4 or more Nights	53	57	59
% getting 4 or more nights	91.4%	78.1%	92.2%

COMMENTS:

The statistics for this year (2007) and last (2006), were for a full year of operation versus 2005 which was only a partial year. The 2005 numbers are for January through October 24 when Hurricane Wilma closed the resort and it reopened in January of 2006.

OLD BUSINESS

The special assessment letter will be mailed in May and due by August 1, 2008.

An owner asked how the waiver of statutory funding of reserves works. The State of Florida mandates that condominium associations prepare calculations to fully fund reserves. The Law also provides the reserve requirement may be waived or reduced, allowing the unit owners to put less money into the reserve accounts. The Board of Directors recommend to vote in favor of waiving the full funding requirements for Statutory Reserves.

Roof lights were turned on because Braid was working on pool deck lights.

When are the BBQ grills scheduled to be replaced? Bids will be presented to the Board of Directors at the budget meeting and a decision will be made at that meeting. Installation will be in 2009.

Why was the living room furniture delayed? The furniture was moved back in order for the new carpet could be installed in the units. The new living room sofa, loveseat and dining chairs are to be delivered in two weeks.

An owner suggested doing a reserve study. Ms. Kilpatrick stated the Board has considered a reserve study the cost would be \$5,000.

NEW BUSINESS

Ratification of 2008 Budget

The proposed 2008 Operating Reserve Budget was sent to each owner with the maintenance fee statement and a copy was included in the agenda packet distributed at this meeting. **MOTION was made and seconded to ratify the 2008 budget as presented.** All voted in favor. **Motion carried.**

Teller's Report

There were 936 unit weeks represented, both in person and by proxy, out of a possible 2,100 unit weeks, which represents 44 % owner response.

Waiver of Statutory Funding of Reserves

There were 879 votes to waive the statutory funding of reserves and 27 votes not to waive the statutory funding of reserves. Therefore, the reserve funding will remain at the level approved in the 2008 budget.

Election of Directors

There were 10 candidates seeking election to fill the three seats available on the Board of Directors. The candidates receiving the highest number of votes were: Steve Couch, Mike Dammeyer and Tim Pellerin who were elected to serve a three year term.

The current Board of Directors is: Steve Hoffman, John Sykora, Steve Couch, Mike Dammeyer and Tim Pellerin.

Thanks to the owners for participating in the election and the meeting.

ADJOURNMENT

MOTION was made and seconded to adjourn the meeting. All voted in favor. **Motion carried.**

Meeting adjourned at 3:50 p.m.