

**SEAWATCH ON THE BEACH
BUDGET MEETING
OCTOBER 29 & 30, 2009**

The meeting was called to order at 9:00 a.m. by President, Tim Pellerin at Seawatch on the Beach, Ft. Myers Beach, Florida. Board members in attendance were: Steve Couch, Mike Dammeyer, Tim Pellerin, Deborah Stevens 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.

APPROVAL OF PREVIOUS MINUTES

MOTION was made by Mr. Dammeyer and seconded by Mr. Couch to approve the minutes of the Board of Directors A.M. & P.M. meetings held on April 27, 2009. Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

BOARD RELEASE FORMS

MOTION was made by Mr. Couch and seconded by Ms. Stevens to approve the unanimous written consent form of the Board of Directors. Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

PRESIDENT'S UPDATE

a. SandScript Mailings

Ms. Kilpatrick explained that in accordance with Florida law, a notice of the budget meeting and proposed budget should be sent to all owners prior to the actual budget meeting. Management suggested sending the proposed budget with the fall 2010 newsletter to save the cost of postage. **MOTION was made by Mr. Couch and seconded by Ms. Stevens to send out the SandScript twice a year by March 20 and September 30.** Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

b. Board Member Participation

The board members were in agreement to allow a one week response time to emails and faxes.

c. On-line Voting

Ms. Kilpatrick stated that Neil Hutchinson is working with Nordis Direct to provide owners with an option for online voting. He would like to roll out the program with the 2010 Annual meeting mailing. The cost to set up the program is approximately \$500 per property plus \$0.06 per interval. Additional information will be provided as soon as available.

PROPERTY WALK

The Board of Directors and management toured the property.

MANAGER UPDATE

a. Staffing Update

Mrs. Jenkins was happy to report that the entire Seawatch staff is going a great job.

b. Financial Review – Variance

The Board reviewed the variance report.

c. Project List

The Board of Directors reviewed the project list.

d. Comment Card & RCI Report

The Board reviewed the comment cards and RCI report.

e. Comerica

The Board reviewed the Comerica CD placement portfolio.

f. Investment Policy

MOTION was made by Mr. Sykora and seconded by Ms. Stevens to approve the Association Investment Policy. Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

g. Foreclosure Review/Resale & Recreation Update

DELINQUENCY REPORT/SPECIAL ASSESSMENT UPDATE

Summary of Account
September 2009

	# of Accounts	Outstanding Balance
Lien Action	0	\$
Foreclosure Action	23	\$53,767.26
Other Legal Action	0	\$
Legal Action on Hold	0	\$
Association Owned Weeks	11	\$40,824.33
Total	18	\$94,591.59

Sales Report - Stephanie Goolsby

Sales 2008

Number of weeks sold	48 weeks
Dollar volume	\$289,800
Average price	\$6,038

Sales YTD 2009

Number of weeks sold	37 weeks
Dollar volume	\$208,250
Average price	\$5,628

Number of weeks listed	169
Volume	\$1,599,795
Listing price range	\$2,500 - \$25,000

Mrs. Jenkins stated that Stephanie's dual role as Sales Associate and Recreation Director are working out well. The whole team pitches in and helps as needed.

The Board members thanked Stephanie for all she does at the resort.

PRESENTATION OF PROPOSED 2010 RESERVE BUDGET

a. Bathroom Bids

i. Wilson Kehoe Miller

Robert Wilson presented samples for the bathroom renovations. The Board was concerned with the quality of the cabinets and the difference in cost on Wilson Kehoe Miller bathroom renovation proposal.

ii. Frazee, Inc.

A representative from Frazee was not available for the meeting. The Board was pleased with the detailed proposal that was presented.

iii. Queenslander

Bob Cory presented samples for the bathroom renovations. The Board felt the quality of cabinets presented was a better quality and requested specs on the cabinets.

The Board requested bids for solid wood cabinets and brushed nickel Moen fixtures.

b. Bedspread and Drapery Bids

i. Bayfront Interiors

Diana of Bayfront Interior Resources, Inc. provided samples for bedroom bedspreads, cornice fabric and lamps. The sample lamp brought in by Diana of Bayfront Interior had a base that was too large for the bedside table so the board directed Mrs. Jenkins to find a lamp with a smaller base. The board chose the bedspread fabric.

MOTION was made by Mr. Couch and seconded by Mr. Sykora not to install draperies over the master bedroom sliders and to reinstall plantation blinds in the 02 & 05 units. Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

MOTION was made by Mr. Couch and seconded by Ms. Stevens to choose option #3 on the lounge chair as submitted by Bayfront Interiors. Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

c. Guest Bedroom Televisions

The Board discussed completing the upgrade of the televisions in the guest bedrooms of the two bedroom units to the new flat screen televisions already installed in about half of the guest bedrooms to achieve unit owner equity. **MOTION was made by Mr. Couch and seconded by Mr. Dammeyer to install 19 inch flat screen TV's in the guest bedrooms.** Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

d. Patio Flooring Bids

The Board reviewed the bid spreadsheet provided by Karins Engineering. At this time the board has requested additional information on the contractors and will discuss further via email and conference call to decide on winning bidder.

e. Spa Recoating/Relocation/Code Changes

On December 19, 2007, the President signed into law the Virginia Graeme Baker Pool and Spa Safety Act. The Act required that all public swimming pools and spas be equipped with anti-entrapment drain covers that comply by December 19, 2008. The Florida Department of Health requires that by July 1, 2011 the current spa must be retrofitted with a collection tank.

MOTION was made by Mr. Couch and seconded by Mr. Sykora to move the spa. Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

MOTION was made by Mr. Couch and seconded by Mr. Dammeyer to hire an engineer to prepare bids for the new spa and to increase the size of the spa to 10 x 10 interior dimensions. Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

f. Poolside Door Bids

Mrs. Jenkins presented a proposal from Sewell Door Control & Glass Corp. The board was in agreement to table this issue until the annual meeting.

g. Tennis Court Lights

MOTION was made by Ms. Stevens and seconded by Mr. Couch to approve the proposal for new tennis court lighting from Leitner Electrical Contracting, Inc. Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin

voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

h. Exterior Doors

The doors are being painted by the in-house maintenance staff.

MOTION was made by Mr. Couch and seconded by Mr. Sykora to recess the meeting at 5:20 p.m. on October 29, 2009. Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

Meeting recessed at 5:20 p.m. on October 29, 2009

Meeting reconvened at 8:55 a.m. on Friday, October 30, 2009

PRESENTATION OF PROPOSED 2010 BUDGET/RESERVES

MOTION was made by Mr. Dammeyer and seconded by Mr. Sykora to adopt the 2009 assessment billing resolution (Attached as an exhibit to these minutes). Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

The board was in agreement to defer the bathrooms renovations to 2011. At the Annual meeting management will provide 3 bids for bathroom and kitchen renovations and build a model unit in 2010.

The Board requested that Mr. Pellerin go to a supply house to obtain “specs” to be given to Karins Engineering for the bathroom and kitchen renovations in order to obtain three bids based on identical specifications. **MOTION was made by Mr. Dammeyer and seconded by Mr. Sykora to have Karin’s Engineering draw the specs for the bathrooms and kitchen renovations.** Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

MOTION was made by Mr. Dammeyer and seconded by Mr. Sykora to transfer \$187,000 out of special assessment collected to fund interior reserves. Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

MOTION was made by Dammeyer and seconded by Mr. Sykora to transfer \$10,000 from special assessment to fund capital reserves. Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

MOTION was made by Ms. Stevens and seconded by Mr. Dammeyer to accept the maintenance fee of \$788.58 an increase of 2.3%. Mr. Couch voted aye, Mr. Dammeyer

voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

MOTION was made by Mr. Dammeyer and seconded by Mr. Sykora to adopt the 2010 Budget Resolution. Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

**SEAWATCH ON THE BEACH CONDOMINIUM ASSOCIATION, INC.
2010 PROPOSED BUDGET RESOLUTION**

The Board of Directors ("Board") of Seawatch on the Beach ("Association"), hereby vote in favor of the following resolution:

WHEREAS, after review and discussion of the Operating Budget, the Board approved the total operating expenditures for 2010 of \$1,197,248; with individual annual operating fees of \$ 570.12 ; and

WHEREAS, after review and discussion of the Capital Reserves, the Board approved the funding of \$458,770 for the Capital Reserves for 2010; with individual annual reserve funding of \$ 218.46 ; and

WHEREAS, the Board approved the total expenditure in 2010 of \$382,668 for the various projects as outlined in the Capital Reserves; and

WHEREAS, the Board authorized Hilton Grand Vacations Company, LLC, as manager for the Association ("Manager"), in its sole discretion, to adjust expenditure amounts for individual projects within the Capital Reserves as long as those individual expenditures do not exceed and remain within the foregoing Capital Reserve approved limits; and

WHEREAS, the Board approved and instructed Manager to facilitate the mailing of the 2010 annual maintenance fees to the members of the Association; and

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the total operating expenditures for 2010 of \$2,197,248; with individual annual maintenance fees of \$788.58 (operating and reserve) ; and approved the funding of \$458,770 for the 2010 Capital Reserves and total expenditure of \$382,668 for the various projects as outlined in the Capital Reserves; and authorized the Manager to adjust expenditure amounts for individual projects within the Capital Reserves as long as those individual expenditures do not exceed and remain within the Capital Reserve approved limits; and further approved and instructed the Manager to facilitate the mailing of the 2010 annual maintenance fees to the members of the Association.

MOTION was made by Mr. Couch and seconded by Ms. Stevens in order for maximum discount on real estate taxes to authorize Management Company to use any available 2010 funds. Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

WAIVER OF STATUTORY FUNDING OF RESERVES

MOTION was made by Mr. Dammeyer and seconded by Ms. Stevens to waive the statutory funding of reserves and to offer to the owners to waive the statutory funding of reserves at the Annual meeting. Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

ARDA VOLUNTARY CONTRIBUTION

Ms. Kilpatrick discussed the ARDA contribution to the timeshare industry over the past years. She asked that the Board allow Hilton Grand Vacations to solicit a voluntary \$3.00 per week donation to ARDA this year on the maintenance fee statement. **MOTION was made by Mr. Sykora and seconded by Mr. Couch to allow the ARDA contribution on the maintenance fee statement this year.** Mr. Couch voted aye, Mr.

Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously**

FUTURE MEETING DATES

Annual meeting date is April 23, 2010 @ 3:00 p.m. Board meeting time to be determined. Budget meeting date is October 28 & 29, 2010

ADJOURNMENT

MOTION was made by Mr. Sykora and seconded by Mr. Dammeyer to adjourn the meeting. Mr. Couch voted aye, Mr. Dammeyer voted aye, Mr. Pellerin voted aye, Ms. Stevens voted aye and Mr. Sykora voted aye. **Motion carried unanimously.**

Meeting adjourned at 12:15 p.m.