

**SEAWATCH ON THE BEACH
ANNUAL MEETING
MONDAY, APRIL 23, 2010**

The meeting was called to order at 3:00 p.m. by President, Tim Pellerin in the lobby 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 Director Resort Operations and Riki Martin – Administrative Assistant and Acting Recording Secretary for this meeting.

A sign-in 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 2009 Annual meeting were sent to the owners in the newsletter in 2009. A copy was included in the agenda packet distributed to owners in attendance. **MOTION was made by Roberta Murnyack and seconded by Ted Urban to approve the minutes of the 2009 Annual meeting held on April 27, 2009.** All voted in favor. **Motion carried.**

MANAGER'S REPORT

Mrs. Jenkins thanked the owners for attending the meeting.

The Board has approved kitchen and bathroom renovations. Two model units will be completed later this summer. The renovations will be completed in two stages since there is only one maintenance week to complete the work. The kitchen project will include new lighting, cabinets, quartz or granite counter tops, floor tile. The bathrooms will include cabinets, counter tops, mirrors, fan and floor tile.

BOARD OF DIRECTOR'S REPORT

Mr. Pellerin introduced the Board of Directors.

Projects Approved:

- Living room wall clock
- Purchase of two gas grills
- Model units kitchen/bathroom renovations
- Purchase upgraded linens for units
- New router for WiFi

Questions were taken from the owners in attendance.

Q. What was the amount of savings on the pavers for the parking lot?

A. We received quotes several years ago. The total price was over \$120,000. We completed the project for about \$68,000.

Q. When will the pavers be replaced on the pool deck?

A. They are budgeted for replacement in 2012. We are not sure if we will replace them at that time but are looking into the project cost.

Q. Why is the spa being relocated to the NW area of the property?

A. The current spa does not have indirect suction and will have to be moved closer to the spa shack in order to work properly. This project will be completed in August/September.

Q. What is the fee for usage of week 53 in 2011?

A. The owner of week 52 will pay a cleaning fee for week 53.

Q. Why is there static on the phone lines?

A. Michele has spoken to Century Link and they feel the issue is with the underground phone lines. A representative will work to correct the problem.

Q. Does Seawatch offer one night rentals?

A. There is a two night minimum.

Q. Do we have a policy for damage to the units?

A. Yes, the owner/renter can be billed for damages as long as we can be sure of the person doing the damage.

FINANCIAL REPORT

Steve Brettholtz of Myers, Brettholtz and Company, PA attended the morning board meeting. Mr. Brettholtz report stated, "In our opinion, the financial statements referred to present fairly, in all material respects, the financial position of Seawatch on the Beach Condominium Association, Inc. as of December 31, 2009 and the results of its operations and cash flow for the year then ended, in conformity with accounting principles generally accepted in the United States of America."

RESALES REPORT

2009 SALES

Number of Weeks Sold	44
Dollar Volume	\$243,300
Average Price	\$5,530

2010 SALES YTD

Number of Weeks Sold	8
Dollar Volume	\$51,025
Average Price	\$6,378

Number of Weeks Listed	198
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 Dollar Volume
 Listing Price Range

\$1,916,745
 \$3,000 - \$25,000

RENTAL REPORT

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Nights Available	475	537	661
Nights Rented	188	242	324
Occupancy	39.6%	45.1%	49.0%
Gross Revenue	\$47,099	\$58,419	\$80,852
Average Rate	\$250.53	\$241.40	\$249.54
Weeks Available for Rent	66	78	93
Weeks with Rental Activity	30	42	58
% with Rental Activity	45.5%	53.8%	62.4%
Weeks Renting 4 or more Nights	27	35	53
% getting 4 or more Nights	90.0%	83.3%	91.4%

COMMENTS:

Ms. Kilpatrick stated transient Rental business to Florida was severely impacted in 2009 by a myriad of factors not least among them, the tight economy. Occupancies across our Southwest Florida managed resorts was the worst in our history. In an effort to revamp our Rental Operations we have engaged a new Marketing Company and, for the first time in our history, feel we have to offer promotions and discounts during the High Season months of February, March and April just to help generate traffic to the resorts. At this meeting last year we said "Forecasts for a rebound in 2009 are dim and initial reservations reflect this." Unfortunately, that statement has come to pass and we are looking for a very slow recovery which may take several years to accomplish.

NEW BUSINESS

Ratification of the 2010 Budget

The proposed 2010 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 by Ted Urban and seconded by Jim Hester to ratify the 2010 budget as presented. All voted in favor. Motion carried.**

Teller's Report

There were 797 unit weeks represented, both in person and by proxy, out of a possible 2,100 unit weeks, which represents 38% owner response.

Waiver of Statutory Funding of Reserves

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There were 770 votes to waive the statutory funding of reserves and 18 votes not to waive the statutory funding of reserves and 9 no answer. Therefore, the reserve funding will remain at the level approved in the 2010 budget.

Ratification of By-Laws

There were 756 votes to ratify the by-laws to a 2 year term limit and 10 votes not to ratify the by-laws and 31 no answer votes.

Election of Directors

There were 5 candidates seeking election to fill the two seats available on the Board of Directors. The candidates receiving the highest number of votes were: Deborah Stevens and John Sykora who were elected to serve a two year term.

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

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

ADJOURNMENT

MOTION was made by Roberta Murnyack and seconded by Ted Urban to adjourn the meeting. All voted in favor. Motion carried.

Meeting adjourned at 4:00 p.m.