

DRAFT ONLY

To be approved at the next annual meeting.

BAYWATCH RESORT HOMEOWNERS' ASSOCIATION, INC

MEETING MINUTES

FEBRUARY 19, 2010

The annual meeting of the BayWatch Resort Homeowners' Association (HOA) was held on Friday, February 19, 2010 at 2:00 p.m. at BayWatch Resort and Conference Center in North Myrtle Beach, South Carolina. All present received an agenda, minutes from the last annual meeting, the annual audit report, and an insurance information packet.

Mr. Paul Lohman of Resort Association Management Inc. (RAM), the property management company, welcomed all to the meeting and called the meeting to order. Board members Loyd Daniel, Patrick Lowe, John Harsch, and Frans Mustert were in attendance as well as Aaron Harrison, CPA, Mr. Robb Imbus, the Wells Fargo insurance representative, and Sean Griffith, the General Manager of the property.

Mr. Lohman presented the "Proof of Notice" of the mailing of the notice to the membership of the annual meeting. The "Proof of Notice" will be maintained in the HOA's corporate records. Mr. Lohman stated that there was a quorum with 54.93% represented, either in person or by proxy. Mr. Lohman proposed an approval of last year's minutes and to dispense with the reading of the minutes. A motion was granted, seconded, and passed. Mr. Lohman stated that RAM's website, www.ramresorts.com, has information available for homeowners including: Master Deed, audit reports, Annual Meeting minutes, insurance information, and contact information for RAM.

Audit Report

Mr. Lohman turned the floor over to the independent auditor, Aaron Harrison, CPA, for his presentation of the audit of the financial statements as of December 31, 2009. Mr. Harrison presented his report and asked for owner questions. An owner asked what happens to assessments when a unit goes into foreclosure. Mr. Harrison stated

that dues are not able to be collected once a unit is in foreclosure. Mr. Daniel stated that the Board pays close attention to delinquent accounts and pursues on behalf of the association to the maximum extent as allowed by the Master Deed. The Board files liens and may cut off non-essential utilities. In addition, often times rental income is available to be applied to offset dues. An owner asked what happens if a short sale takes place. Mr. Daniel stated that unpaid dues must be made current by the potential buyer or seller as agreed in their contract of sale. An owner asked how many units in the building were currently in foreclosure. Mr. Lohman stated approximately 8. An owner asked what the net loss on foreclosures was as of 12/2009. Mr. Harrison stated that there was bad debt of approximately \$16,000, which was an improvement over the 2008 position. An owner asked if owners could be made aware of foreclosures in case there was interest in buying a unit. Mr. Daniel stated that the board will assist owners with obtaining this information upon request. An owner asked how to inform the Board of money saving suggestions they have. Mr. Daniel stated to call Mr. Lohman or any board member; contact information is available on the website. www.ramresorts.com.

Property Report

2009 Improvements

1. Lazy river repairs.
2. Replaced pool drains. (DHEC regulation)
3. New pool lettering.
4. New temperature controls for pools.
5. Improved signage throughout the resort.
6. Most light bulbs now CFL.
7. Pressure washed parking garage.
8. Installed foot showers.
9. Ice machine repaired.
10. Lawn sprinklers repaired.
11. Elevator and phone room air conditioning repaired.
12. Awnings repaired.
13. Pigeon removal service.
14. Hallway touchup painting. (Exterior only)
15. New treadmill in exercise facility.
16. New lobby furniture.

2010 Budgeted Improvements

1. New pavers around Tower I.
2. Pressure washing parking garage.
3. Accepting bids on up lighting (Fiber optic was too expensive)
4. Lounge restrooms remodeled.

Old and New Business

An owner asked what the timeline was for the completion of the paver project. Mr. Griffith stated the project should take around two weeks to complete and should be finished before Easter.

Mr. Lohman stated that RAM has two building inspectors: Natalie Waters and Paul Carsh. Mr. Paul Carsh inspects the mechanical aspects of the building and Mrs. Natalie Waters inspects the aesthetics of the buildings. Deficiencies and problems are noted and corrected. An owner asked how often Mrs. Waters inspects the buildings. Mr. Lohman stated at least one time per month per building. Mr. Lohman stated that Mrs. Waters contact information is on the RAM website if owner have concerns they want addressed. An owner asked that major repair work (i.e. a pool being repaired) be posted on the RAM website so they can adjust travel plans if necessary. Mr. Lohman stated that would be done.

Mr. Lohman opened the floor to owner questions.

- An owner reported intermittent problems with internet access. The Board agreed to have technicians investigate and report back immediately.
- Is the reserve fund was adequately funded? Mr. Lohman stated that he manages a variety of HOAs, that Bay Watch's reserve funding is better than many associations, but not fully funded per the board approved schedule. However, there still is currently about \$600,000 in reserves which is much more than needed for near term projects and repairs. Still, the board's goal is to increase reserves over the next few years. The 2010 budget included additional reserve funding.
- Why is HBO not available as recently announced? HBO should be available by March 1, 2010.
- An owner reported a reception problem with some cable TV channels. Paul Lohman responded that any television reception problems be reported to the folks at the front desk or RAM and we will have Time Warner investigate.
- Will owners be credited for HBO not yet received? Billing will not commence until the service is activated.
- What does the HOA maintenance fee cover? HOA fees do not pay for any inside the unit repairs. Inside unit repairs are covered by the owner. It is wise to obtain an HO6 policy insurance policy

which will provide protection for some accidents such as flooding or fire.

- What is the property's rental rating? Oceana Resorts stated that in the hospitality industry their units are rated "3 Diamond" by AAA. AAA states "Three Diamond lodgings offer a distinguished style. Properties are multi-faceted, with marked upgrades in physical attributes, amenities and guest comforts."
- Does the property have security cameras? Yes, there are 16 security cameras located all over the buildings.
- Can the meeting date be changed to the last Friday in February? The Board agreed to consider this request.
- Can sun umbrellas be installed on the deck? The Board agreed to consider this suggestion.
- The elevator lobby of Tower III has dirty grout and broken tiles. The Board agreed to investigate and stated that this area will be renovated with the upcoming capital improvements announced in the meeting.

Insurance Information

The floor was offered to Mr. Imbus of Wells Fargo to comment on the property insurance and answer any questions owners may have. Mr. Imbus stated that BayWatch is insured for \$88 million dollars. Mr. Imbus distributed a summary booklet with information on all 55 carriers who were approached to bid on insuring BayWatch. Mr. Imbus stated that BayWatch has insurance through the Federal Flood Program; BayWatch is in a favorable flood zone and Federal Flood is an inexpensive option. An owner asked if the swimming pools were insured. Mr. Imbus stated that they were insured for wind damage but that Federal Flood excludes pools. The HOA would have to replace pools damaged if a flood event occurred. Mr. Daniel stated that the costs for insuring outside of the Federal Flood Program would be significantly more expensive. An owner asked about whole property HO6 coverage. Mr. Daniels stated the Board is currently pricing options for a group HO6 policy.

Mr. Lohman opened the floor for owner questions about the budget or general concerns. A representative of an off-site rental agency submitted a list of written questions for the Board's response at a later time.

Other Q&A

- Are the carpets in Tower I going to be replaced? Yes, there is a plan to replace the carpets in stages over the next few years.
- Why does Oceana collect personal information from offsite rental guests or owners? Oceana stated that they manage the commercial areas and that they collect contact information to issue parking permits and to maintain a daily roster of who is in the building in case of emergency.
- Who do we contact if the unit's door (outside) needs to be repainted? Paul Carsch - Resort Association Management

At this point there was a motion made to deny Oceana from collecting any personal information from offsite renters or owners. Mr. Daniel stated that the HOA can not control the practices of Oceana Resorts but that the Board would ensure any information collected is on a voluntary basis.

- Why do owners have to stand in a long line if all we need are parking passes? The Board agreed to investigate a more efficient process for owners and guests.
- Does state or local law prevent owners from bringing their own alcoholic beverages to the pool decks? Yes, the existing ABC permits do not allow this activity.
- Why did some items go up and others down in the bulk service agreement? Resort Association Management and Oceana Resorts reviewed actual payroll and supplies costs by category and suggested a reallocation of expenses for the 2010 budget.
- What is the cost of cable television? \$10.50 per unit per month including HBO.
- What is uncontracted maintenance? Items that are not planned for specifically and are not under a maintenance agreement. The HOA addresses these maintenance issues as they arise on a case by case basis.

- Why do you have to supply your internet address before you sign-on to use the internet? Oceana Resorts provides internet access and collects this information to communicate with its customers.
- Why is there a parking attendant? The parking attendant helps ensure smooth flow of traffic during busy arrival and departure periods.

As there was no other business to discuss the meeting adjourned at 3:44 p.m.

Respectfully submitted:

X _____
Secretary

Acknowledged:

X _____
President