

DRAFT ONLY

To be approved at the next annual meeting.

HARBOURGATE RESORT HOMEOWNERS' ASSOCIATION, INC.

THIRD ANNUAL MEETING MINUTES

AUGUST 28, 2009

The third annual meeting of the Harbourgate Resort Homeowners' Association (HOA) was held on Friday, August 25, 2009 at 10 A.M. at BayWatch Resort and Conference Center in North Myrtle Beach, South Carolina.

Mr. Patrick Lowe, Director and President of the HOA, called the meeting to order and welcomed all to the 3rd Annual Meeting of the HOA. Mr. Paul Lohman of Resort Association Management Inc. (RAM), the property management company, introduced the other two members of the Board: Loyd Daniel, Vice President and Chuck Froehlich, Director. He stated Kurt Gehsmann, Secretary/Treasurer was unable to attend the meeting. In addition, he introduced Mr. Aaron Harrison CPA, the independent auditor that performed the HOA's financial audit for the period ending December 31, 2008.

Mr. Lohman presented the "Proof of Notice" of the mailing on July 14, 2009 of the notice to the membership of the annual meeting. The "Proof of Notice" will be maintained in the HOA's corporate records he stated. Mr. Lohman stated there was not a quorum for the meeting since only 42.81% of the ownership were in attendance or represented by proxy. He stated official business could not be conducted at this meeting because there was not a quorum.

The floor was then given to Mr. Harrison to present his audit report on the financial statements of the HOA as of December 31, 2008. Mr. Harrison presented his report and noted he is an independent CPA hired by the board to audit the financial statements. Mr. Lowe explained that RAM is the property manager and under the direction of Paul Lohman keeps the books and maintains the bank accounts. An owner asked what types of insurance the HOA carried. Mr. Harrison stated the HOA carries various types of coverage. Mr. Lohman stated there is an insurance summary available online at www.RAMresorts.com for all owners to view. He stated it is the homeowners' responsibility to insure the interior of their unit with an HO6 policy. A homeowner asked how many insurance companies are involved in the captive. Mr. Daniels replied that 8 or 9 companies are involved in writing the insurance policies and that the captive solicits participation from approximately 50 insurance carriers. Mr. Lowe stated insurance costs fluctuate every year, and the board has decided not to include the cost of insurance in the monthly dues so homeowners are not potentially paying too much or too little. Each year, when the cost is known it is assessed and paid over a short period of time. Mr. Harrison concluded his financial report.

The floor was then given to Mr. Lohman for the Property Manager's report. He stated the 2008 uncontracted general maintenance line item increased by \$10,000. He explained the money was spent as follows: \$2,200 for new doors on back of the building where the loading dock is; \$2,700 to clean out eight storm drains; \$889 to repair the compressor; \$734 to service the back-up generator; \$2,650 to inspect the chutes in the building; \$2,129 for repairs to the main water line; \$3,400 for a new sound system and security camera system; \$1,000 labor to install new sound system and security cameras; \$1,728 to paint 40 doors; \$2,000 to repair leaks in the fire sprinkler system; \$650 for a normal inspection of the landscape sprinkler system; \$750 repairs to the landscape sprinkler system; \$2,000 pool drain inspection and bringing pool up to code with new drain regulations. Mr. Lohman stated the property is inspected quite often. He said Mr. Paul Carsch is at the property frequently, and Mrs. Natalie Waters makes a written inspection. He stated the board takes all of the reports seriously. He stated the board did not foresee any big expenditures for the upcoming year, and that overall the property is in good shape. A homeowner stated there was a crack up the wall at the marina entrance. The owner of 106 stated that he has asked to have his door repaired because it does not shut properly. He suggested doors be checked to see if they need to be repaired before they are painted. Another homeowner stated the third floor walkway needed to be pressure washed. Mr. Lear said he would look into it. Another homeowner stated there was graffiti in the elevator on level 2. Mr. Lohman stated that was in the inspection report, and the board discussed the elevators at length in the last board meeting. He stated Mr. Lear was looking into possible solutions. Mr. Lohman stated a letter was recently sent out to all homeowners about fines for not cleaning up after their dogs. Mr. Lear said there were signs on the marina side but not on the front of the building. A homeowner asked if a dog walk area could be set up. Mr. Lear stated there were plenty of areas to set up a dog walk area, but pets are not accepted on regular stays and he would not want the area to mislead guests into thinking pets were allowed. Mr. Daniel said it was board policy that pets were only allowed for homeowners and long term guests. A homeowner said their tenant notified them HBO was no long available. Mr. Lohman explained there had been an error, and the HOA had not been paying for HBO but had been receiving it. He said the board was currently looking into the cost to include HBO. [Note, it was determined after the meeting that a temporary glitch resulted in the HBO outage and that it is in fact included in the Harbourgate basic cable package provided by Time Warner]. A homeowner stated he had tried to upgrade their cable system but were told because of the contract he could not. Mr. Lowe stated the pricing when the cable contract was made for the HOA was approximately \$8 per unit per month base. If individual owners wanted to upgrade their systems, the base fee would increase to \$35-\$40 per month per unit. [Note, after the meeting the Board further investigated pricing alternatives with Time Warner and agreed to solicit feedback from each owner as to which plan was desired].

The floor was then opened for old business and new business. A homeowner asked what the natural gas expense was for. Mr. Lohman replied the hot water boiler runs on natural gas. A homeowner asked what was covered in the common area cleaning contract. Mr. Lohman stated the contract covered parking areas, common areas, hallways, elevators, stairwells, and outdoor windows. A homeowner asked who was responsible for the upkeep of the boardwalk. Mr. Lohman replied it was the marina's responsibility. The homeowner stated many boards were deteriorating rapidly on the boardwalk and needed to be replaced. Mr. Daniel stated the boardwalk from Harbourgate to Filet's on the south side

had recently been renovated at the Marina's expense. Susie Watkins stated that if anyone saw an area in need of immediate repair to call the marina and they would replace the boards. A homeowner stated the steps from the marina to Harbourgate were chipping. Mr. Lohman said they had done a patch job on that area, but will need to readdress it. A homeowner asked what the status of delinquent accounts was. Mr. Lohman stated \$60,000 was budgeted as allowance for doubtful accounts at the end of last year. The HOA had actually lost \$29,000 from units foreclosed on by banks. The board does place a lien on the property if the account is more than 90 days past due. The board also shuts off cable and phone services to individual units that are delinquent, and recently have started foreclosure on delinquent units. He stated six units had begun foreclosure proceedings, and two owners immediately brought their accounts current. A homeowner asked if there was a way homeowners could find out which units were being foreclosed on. Another homeowner replied they had a list. Mr. Lohman stated that four or more homeowners who are delinquent signed rental agreements which allows the HOA to take a certain percentage of the rental income and apply it to any past due assessments.

A homeowner had a list of questions from several homeowners, and the board asked her to read the questions and concerns so they could be answered:

Why are we being told we no longer need a key card? Is the door no longer being locked at night?

Mr. Lear said to the best of his knowledge the door is being locked at night, and the card reader had been replaced recently.

Are the doors to the stairwells locked at night?

Mr. Lear said they are locked at 11 p.m. and unlocked before security leaves in the morning. A homeowner stated they had seen someone sleeping in the stairwell. Mr. Lear said he had not heard of someone sleeping in the stairwells before. Mr. Lowe said the security guards have a touch system the monitors their rounds, and the stairwells are part of their route.

Does security work for Oceana?

Mr. Lohman stated Excalibur security is a private company hired by the HOA.

Why is it when we call we cannot get in touch with the security guard?

Mr. Lear said he did not know, but would look into it.

Does the security guard have access to the security cameras?

Mr. Lear stated the security guards do not have access to the cameras, and the monitor is locked in his office. Mr. Daniel stated it is the security guard's job to walk the property, not monitor security cameras. A homeowner stated they saw the security guard asleep in the lobby. Mr. Lear stated he was not aware of this incident, and said he was at Harbourgate every day. He asked that homeowners call him on his cell phone if they see something that needs to be brought to his attention so he can have it corrected within 24 hours. He gave his cell phone as (843) 222-7028.

Is there any plan to install security cameras at the end of stairwells, the marina entrance or Filet's entrance?

Mr. Daniel said the board would look into the cost of putting a camera there. A homeowner stated they

thought there were suspicious transactions occurring at the stairwell closest to the marina. Mr. Daniel said they board wants to provide maximum security and they would look into installing cameras in these areas.

What are the duties of the security guard? Is he checking people coming into the building?

Mr. Lowe said the security guard does not restrict the general public from entering the building.

An owner observed people sleeping in their car and using the pool shower and bathroom. What should we do about this?

Mr. Lear said no one has been using the public restrooms to clean up. He stated he is at Harbourgate every day by 7:15 a.m. and has not seen anything out of place to suggest homeless people. He suggested this incident may have happened prior to the recent change in management.

Homeowners have also witnessed people coming into parking lot and getting into the pool fully dressed.

Ms. Brianna Moss stated this is an issue that exists throughout the beach, people using pools when they are not registered guests. She stated it is extremely hard to police it. Mr. Lohman stated some HOA's hire pool attendants, which could be provided to Harbourgate for a cost to the homeowners. Mr. Lear said homeowners should notify the front desk if they believe unauthorized people are using the pool. Mr. Lowe stated the best solution would be to actively monitor the pool. A homeowner suggested providing wristbands for pool access. Mr. Lohman stated he was familiar with the wristband system, and it would cost more since staff would have to put on wristbands and a pool attendant would have to monitor the people coming into the pool. Mr. Lear said this system would be difficult since not all guests rent through the Oceana, and would have to register with the front desk to receive wristbands. Mr. Lear encouraged homeowners to come to the front desk if they had a problem with unauthorized people using the pool.

Boaters have been filling up their coolers at Harbourgate ice machines.

Susie Watkins asked if homeowners witnessed this to call her at the marina.

Homeowners have witnessed people with large dogs running unleashed on the docks.

Susie Watkins asked homeowners to call her if they witnessed this.

Can homeowners upgrade their internet service? Some homeowners find the service to be slow.

Mr. Lowe said homeowners could purchase internet service from any source they choose. He said the HOA provides both wired and wireless internet service. A homeowner stated they lost a renter because they could not upgrade the internet service. Mr. Lowe asked that homeowners report any issues they have with speed.

Some owners find their phones have been cut off?

Mr. Daniel said the owners must be delinquent to have their phone cut off. The owner of unit 112 said her phone was not working. Mr. Lowe said it sounded like a technical issue and said he would have Mr. Rick Oakley look into it.

There are cars in the parking lot that are never moved and have expired tags on them.

Mr. Lear said he had towed several cars this week and was in the process of towing a trailer and another car.

Can motor homes be asked to park on the marina side instead of taking up five spaces in the front of the building?

Mr. Lowe said the parking lot is not designed for commercial or oversized vehicles, but they could not enforce motor home parking for guests who are not registered on-site.

Is there any way to address Filet's customers parking in all of the parking lot?

Mr. Lowe said that there is an easement which allows guests of Harbourgate and Filet's to park in each other's lots. Mr. Daniel said under the building the parking is restricted to Harbourgate owners and guests only. The Board agreed to further investigate the reported issue.

Short term renters yell from balconies to pool and throw things off balconies.

Mr. Lowe said owners should report this behavior to the front desk or security.

Water pipes are vibrating in the condos.

Mr. Froehlich stated the vibrating in the pipes comes from air in the pipes, which can happen when the rooms are not used for an extended period. The more the water is used the less likely the problem is to occur.

Elevators are not being cleaned.

Mr. Lear said he was looking into it, but it is not that they are not being cleaned, but the stainless steel is tarnished from the sea air.

When Oceana rents to long term renters, do they perform a background check?

Mr. Lear said they do a background check and require a security deposit.

Why are people coming in through Wyndham Timeshares staying at reduced rates?

Mr. Lowe stated that was a rental matter and should be directed to your rental agent after the HOA meeting.

Do we have a directory of homeowners' names and contact numbers?

Mr. Lowe stated that RAM maintains a list, and owners may contact RAM for that list. Mr. Lohman said if the board approves, RAM will be able to provide homeowners with a list. He reminded owners of the website www.RAMresorts.com which has important documents for homeowners such as the master deed, audit report, annual meeting minutes, insurance summary and contact information for the board.

Why are we paying for two pickup trucks and four Oceana employees to check pools?

Mr. Lohman stated they are the property and employees of Oceana resorts and the HOA pays a fixed fee for pool care so the number of trucks or employees do not cost the HOA additional funds. Mr. Lear stated the crew services other larger properties with more bodies of water and the entire crew makes rounds to all of the pools they service.

A homeowner stated there is an access panel in the underground parking by the marina entrance which has been missing for a year. Mr. Lohman said he would address that.

As there was no other business to be discussed, the meeting was adjourned at 12:15 p.m.

Respectfully submitted:

X _____

Secretary

Acknowledged:

X _____

President