

OCEAN DUNES TOWER II HOMEOWNERS' ASSOCIATION, INC.
ANNUAL MEETING
MARCH 13, 2010
MINUTES

DRAFT ONLY

The Ocean Dunes Tower II Homeowners' Association, Inc. (HOA) annual meeting was held at 9:00 AM on Saturday March 13, 2010 at the Sand Dunes Resort in Myrtle Beach, SC.

Each member present received a copy of the agenda for the meeting, the December 31, 2009 audit report and financial statements and copies of the minutes from the March 14, 2009 regular annual meeting and the minutes of the special call meeting held on August 15, 2009.

All members present registered for the meeting by signing in on the meeting registration form.

Present at the meeting were:

Directors: Mark Caton, Nick Seldon and Ken Metcalfe.

Resort Association Management, Inc.(RAM): Paul Lohman and Paul Carsch

Attorneys: Ken Moss hired as parliamentarian and William Bryan hired by Mr. Seldon

Others: Karen Henry and Karen Hilling from Rawcliffe Resorts serving as the voting, registration and proxy control committee. (Later in the meeting several other owners were added to this committee.)

Mr. Mark Caton, President called the meeting to order at approximately 9:15 A.M. He welcomed all present and introduced the remaining two Board members who were also present. They were Mr. Ken Metcalfe,(Secretary-Treasurer) and Mr. Nick Seldon (Vice-President). Mr. Caton also introduced Mr. Paul Lohman and Mr. Paul Carsch of Resort Association Management, Inc. (RAM), the property management company. He also mentioned that this was an HOA meeting held for the purpose of conducting HOA business only and not rental matters.

Mr. Lohman presented a Proof Of Mailing Certificate stating that all members were properly notified of the meeting in accordance with the Master Deed. The quorum was also established with 33 owners present and 43 represented by proxy totaling approximately 90% of the owners.

Mr. Caton began the meeting by recommending a change in the order of the agenda. He recommended that the election of directors be conducted first instead of last on the agenda. There was a consensus of those present that this change in the agenda be allowed. Mr. Canton then made a motion to immediately terminate the existing Board and appoint Mr. Moss as interim chairman of the meeting and to hold an election for three new directors to serve on the Board for 2 year terms, to be consistent with the provisions of the By-Laws. Once the election was completed, the new President of the Board would chair the rest of the annual meeting. The motion was made and seconded, however a lengthy legal discussion ensued on the propriety of such a motion. Attorney Bryan cited with reference to the Master Deed and By Laws that because his client, Mr. Seldon, still had time remaining on his term that a motion to elect new directors was not appropriate. He cited that there were specific reasons in the By- Laws to terminate a director and none of these reasons allowed the term of Mr. Seldon to terminate. Much discussion ensued. Mr. Metcalfe

announced that he was not planning to run for re-election and Mr. Caton also stated he would not run for re-election. As a result of the discussion, Mr. Caton withdrew his motion and the meeting continued according to the agenda.

The discussion continued with the need of the "Designated Voting Certificates." The need for the certificates is in the Master Deed and they are required.

The minutes of the March 14, 2009 regular annual meeting and the special call meeting of August 15, 2009 were presented. On a motion to dispense with the reading of the minutes and accept them as written, the motion was seconded and unanimously approved.

Mr. Aaron Harrison, CPA, reviewed the December 31, 2009 audit report and financial statements. He cited that the delinquent homeowner dues were high and the bad debt expense amounted to almost 10% of the budget. He explained that the negative equity position on the Balance Sheet is due to the fact that Generally Accepted Accounting Principles (GAAP) require that capital expenditures made by an HOA, such as the elevator renovations made by the HOA, are required to be expensed rather than capitalized on the Balance Sheet as an asset as is customary for other type entities. He continued his review by explaining the details of the bank note payable that was used to finance most of the elevator renovation costs. He also discussed other footnotes to the financial statements in detail including the footnote on related parties. Mr. Seldon interjected that he had nothing to do with the approval of the Bulk Service Agreement for services mentioned in that footnote. The date of the Bulk Service Agreement was challenged. Mr. Metcalfe asked to be recognized by the President and explained to the membership that the Bulk Service Agreement was a three year agreement between the HOA and Rawcliffe Resorts, Inc. effective January 1, 2009 thru December 31, 2011. Mr. Metcalfe further explained that Mr. Seldon ,

as a non Board member, attended a board meeting at which the contract renewal was an agenda item, and that it was on his recommendation that the board agreed to request a three year term, instead of the historic one year term. Mr. Harrison's audit report gave the HOA an unqualified opinion on its financial statements.

Mr. Lohman presented the property management report. He stated that he was asked to review the current property management agreement. He mentioned that he was asked to submit a proposal to continue providing property management services to the HOA. He stated that a committee was established chaired by Mr. Seldon, to seek other bids. Mr. Simuel, an owner, took the floor and mentioned that the committee talked to 15 other property management companies, however, no other bids were taken. Mr. Lohman explained that the new contract with RAM was for two years with the first year's fees being the same as those in 2009. The only other changes in the contract was that the contract stated that when bids were taken on projects that RAM would assist in obtaining bids at a number of bids as the Board required within reason. The old contract stated three bids. He explained that this gave the Board more flexibility. Mr. Lohman commented that the elevators were completed. He also stated that the trash chute situation was close to resolution and should be unlocked in the very near future. Various other property matters were discussed. An owner asked if there was some way to use the Rawcliffe Resorts Amenities even if the owner was not on the Rawcliffe rental program. Mr. Lohman stated that it would have to be brought up with Rawcliffe Resorts.

During the course of the meeting some old business was discussed. Included was the question whether or not the Rawcliffe Resorts proxies in their rental contracts would count in the voting process. Mr. Simuel raised the question to which Mr. Metcalfe responded that Rawcliffe Resorts' proxies are valid and that two attorneys have

already reviewed the rental agreement proxy and have given opinions that the rental proxies can be voted.

Under new business it was mentioned that the Master Deed and By-Laws be reviewed by the new Board to see if they required amending in any areas such as number of board members, the length of terms of the directors, and requirements that only members that are current in payment of monthly dues can vote or serve on the Board.

The election of two new Board members took place. The terms of Mark Caton and Ken Metcalfe had expired and both stated that they will not seek re-election. Thus, their names were deleted from the ballot. A third candidate, Mr. Scott Crispin, a former President of the HOA, also withdrew his name as a Board Candidate and his name was removed from the ballot. It was mentioned that there were two other candidates seeking election to the Board. They were owners Robert Miles and Jon Sweigart. When asked if there were any nominations from the floor, Mr. Charlie Johnson volunteered his service and was nominated. A motion was made, properly seconded and unanimously approved to close the nominations. Each of the three candidates individually stood and cited their experience, credentials and explained their goals if elected to the Board. Ballots were then distributed. The ballots were collected, controlled, counted and verified by the voting committee consisting of Karen Henry, Karen Hilling, and owners Meg Daniel and Mr. Klootwyk. The results were announced that Mr. Charlie Johnson and Mr. Robert Miles were each elected to serve as directors for two year terms.

There being no other business to discuss, the meeting was adjourned at 12:10 P.M.

Respectfully submitted:

Acknowledge:

Secretary

President

NOTE: Subsequent to the annual meeting, an Organizational Meeting of the new Board was held. At that meeting it was resolved that Mr. Johnson will serve as President, Mr. Seldon as Vice-President and Mr. Miles as Secretary/Treasurer.