

*This narrative overview is for informational purposes only.
A quorum was not present at this meeting.
These are not official minutes.*

**MAJESTIC BEACH RESORT COMMUNITY ASSOCIATION, INC.
Narrative of the Annual Owners Meeting
December 16, 2006**

Board Members Present:

Jimmy Lewis, President
Roy Miller, Vice President
Jim Lewis, Secretary/Treasurer

Construction Co. Present:

Lee Moffett, Vice President

Election Inspectors:

Randy Poe, Tower One # 2107
J. M. Kain, Tower Two # 1801
Marta Prupas, Tower Two #1106
W.C. Denio, Tower Two # 1802
J.R. Martin, Tower One # 805

Management Present:

Andy Phillips, General Manager
Tom Sparks, VP of Association Operations
Mike Wray, Association Manager
Jack Vitello, Director of Security/Safety
Karen Hood, Accountant Manager
Patti Hitt, Accounting Supervisor
Wanda Horne, Executive Assistant
Danny Wilson, Maintenance Manager
Jamie Bush, Owner Services Agent

Counsel Present:

Brian Hess, Esq., Association Attorney

- I. ***Call to Order/ Introduction of Head Table.*** Jimmy Lewis called the meeting to order at 10:00 A.M. He thanked everyone for coming and then introduced the head table: Lee Moffett, Vice President with Harbert Construction; Andy Phillips, General Manager of Majestic Beach Management Company and Edgewater Beach Resort Management; Jim Lewis, Secretary/Treasurer of the Association; Roy Miller, Vice President of the Association; Tom Sparks, Vice President of Association Operations for both Majestic and Edgewater; Brian Hess, Majestic Community Association Attorney; and Mike Wray, Majestic Association Manager.
- II. ***Election of the Inspectors of the Elections.*** Jimmy Lewis asked for five volunteers from the membership to oversee the ballot counting. Five people who were neither candidates nor the spouse of a candidate volunteered, and Brian Hess briefed them on their duties.
- III. ***Determination of Quorum.*** Jimmy Lewis said that 123 units were represented at the meeting. According to the Majestic bylaws, in order to have a quorum and conduct official business, at least 175 units must be represented. However, not having a quorum did not affect the election of new board members, since over 20 percent of the ballots were returned, as required by law. He explained that the board was expanding from three members to seven, and that although he was resigning as a developer-appointed board member, he would be reappointed to the new board, as permitted by the Florida

Condominium Act, based on the number of units he still had for sale. He thanked Roy Miller, who was elected by the owners last year, for his service during 2006.

- IV. ***Proof of Notice of Meeting.*** Mike Wray confirmed that the first and second notices of election and the meeting agendas were mailed to the membership and they were also posted on property, as required by Chapter 718, Florida Statutes.
- V. ***President's Update.*** Jimmy Lewis gave an update on the elevators in tower one. He said the elevator company, KONE, had modified the equipment earlier in the week and so far the modification had eliminated all fault codes. He stated that he was still retaining money owed to the general contractor pending satisfactory resolution of the elevator problems. He also addressed the Activities Building. He said the developer still owns parts of the building in accordance with the Condominium Documents, and, during the first two years of operation, the management company paid all of the costs associated with operating and insuring the building. This was done to help with the budget knowing that insurance, utilities, etc., were going to increase and raise assessments above initial estimates. However, beginning January 1, 2007, management will pay 57.7 percent toward operating the activities building. The owners will pay 42.3 percent, which will cover expenses related to the percentage of the building that is a part of the Community Property; specifically the owners' lounge, the association offices on the fourth floor, and the corridors. He explained that the management company also contributes 4.8 percent of the parking garage expense. This figure represents the historical percentage of use of the Activities Building that did not produce rental room nights (such as a holiday party for a local company, for example).
- VI. ***B. L. Harbert Construction Update.*** Lee Moffett stated that his company was proud to have been a part of Majestic and what it has become. He gave an update on the warranty process and explained that Harbert is constructing another building just a few of miles down the road, so he has local technicians available to work Majestic warranty issues.
- VII. ***Management Company Update.*** Andy Phillips thanked everyone for attending the reception on Friday evening and hoped that everyone enjoyed it. He also thanked the Lewis Family for the opportunity to manage such a beautiful property and to have the opportunity to work with a quality developer. He explained that the management of Majestic can be broken down into three components. The first component is Association Management, which provides for all of the facilities maintenance, property management, and financial aspects of the Association. The second component relates to all of the amenities and services, such as the fitness center, food and beverage outlets, and operation of the conference center. The third component is rental management and the front desk operation.
- VIII. ***Financial Report.*** Tom Sparks stated that the Association is in good financial shape. Community Association is \$16,887 under budget through October. Tower one is some \$90,000 under budget through October due in large part to insurance coming in less than originally anticipated, thanks to Fisher-Brown agent Tom Provost. Tower one has \$95,000 in the working capital fund. Tower two's picture was a bit less rosy due to start up expenses. Tower two is \$30,166 over budget through October, but that is typical of a new building operating on an original budget that is several years old. There is, however,

\$140,000 in tower two's working capital account through October. During the first three months of tower two's existence the developer contributed \$118,614 to cover expenses during the closing phase. Cash flow is still good even in these "hard times" with only 10 out of 554 units being delinquent as of today. He complimented the owners on their decision to fully fund reserves for 2007. There should be \$181,000 in the reserve accounts by the end of 2007, which will improve the Association's overall financial position. He introduced Karen Hood and Patti Hitt and said that accounting-related questions should be addressed to them at (850) 235-4044, ext 396.

- IX. ***Insurance Update.*** Tom Provost of Fisher-Brown Insurance gave a brief overview of what he expects next year's insurance picture to look like. He then fielded questions from the membership.
- X. ***Manager's Update.*** Mike Wray stated that it had been a very busy summer with tower one being fully occupied and tower two coming on line between May and October. He thanked the maintenance staff, which often consisted of only 6-10 people per day, for keeping up with the 1,000 plus owners and guests that occupied the resort on any given day during that period. He thanked Jamie in owner services for coordinating all the move-ins, decorators, painters, flooring contractors, warranty workers, etc. He also recognized Patti Hitt and said the primary reason the delinquency rate was only 10 out of 554 units was because of her calling unit owners and asking them to pay their assessments. He then gave an overview of some of the improvements that had been completed throughout the year. He also reminded everyone about the Association web site: www.mbrowners.com. He thanked the outgoing board members for their support throughout the past year, with special thanks going to Jimmy Lewis. He reminded everyone that in addition to being the developer, Jimmy was also a multiple unit owner, and, as president of the board, Jimmy had always conducted association business with the owners' best interest at heart.
- XI. ***Discussion of Any Other Community Association Business.*** Jimmy Lewis read aloud all of the questions that were mailed in to the board. He then opened up the floor, and several owners asked questions that were answered by the head table. Full-time resident Mr. Randy Poe, T1-2107, complimented the staff on the improvements in the cleanliness and appearance of the resort during the past year, and the audience agreed by applause.
- XII. ***Announcement of the Election Results.*** Jimmy Lewis thanked all the volunteers for helping with the ballot counting, and thanked all the candidates for running. He then announced the new board members, in alphabetical order, and asked them to stand up: Gary Baker, Greg Boyd, Debra Ciano, Ed Hickey, Anne Magdic, and Roy Miller.
- XIII. ***Adjournment.*** Jimmy Lewis asked if there were any more comments from the floor, and there were not. He stated that immediately after the meeting was adjourned there would be an organizational and turnover meeting, as noticed, and invited everyone to attend. He then announced that lunch was served, and the meeting was adjourned at 11:55 am.