

**MAJESTIC BEACH RESORT COMMUNITY ASSOCIATION, INC. MINUTES
OF THE BOARD OF DIRECTORS MEETING
MAY 7, 2009**

Board Members Present

Jimmy Lewis, President
Ed Hickey, Vice President
Debra Ciano, Secretary
Gary Baker, Director
Greg Boyd, Director
Anne Magdic, Treasurer (by phone)
Dan Hancock, Director (by phone)

Management Present

Tom Sparks, General Manager
Mike Wray, VP of Association Operations
Glenda Stephens, Association Manager
Karen Hood, Accounting Manager
Patti Hitt, Accounting Assistant Manager
Jack Vitello, Director of Security
Danny Wilson, Maintenance Manager

Owners Present

See Attachment

1. **Welcome/Call to Order/Roll Call.** Determination of Quorum. Jimmy Lewis called the meeting to order at 1:05 pm. As all of the directors were present, there was a quorum.
2. **Proof of Due Notice.** Glenda Stephens verified that the notice of the meeting and agenda were posted on property as required by Chapter 718, F.S., and the Association by-Laws.
3. **Open Forum to Discuss Designated Agenda Items.(three minute time limit per unit)**
There was no request to speak.
4. **Reading and Disposing of Unapproved Minutes.** Greg Boyd made a motion to dispense with reading of the minutes from the Board meeting on February 4, 2009 and accept them as written. Second was by Ed Hickey. The motion carried by unanimous vote.
5. **Security Proposal.** Mr. Lewis stated that security remains to be a bane of our existence. Most of the time, things are quiet but as we all know that spring break as well as several other weeks in the summer can be almost unmanageable. Last year, we expressed our concerns with our present security company and they made promises to the Board as well as to the owners at the annual meeting that they have not been able to keep. Because of this, management has decided to consider other options. Management received a visit from Lee Sullivan who is well known to all of us as he made a proposal to the board last year for security consulting. Unfortunately, at the time he had great ideas but we were not able to follow through due to the lack of money. Mr. Sullivan has since joined with a national security company called Securitas and has asked if we would be interested in their security services here at Majestic. Therefore, we invited Mr. Sullivan to present a proposal.

Lee Sullivan thanked the Board for the opportunity. He stated that the property is beautiful and acknowledged the fact that the property has multiple egresses and ingresses that have to be dealt with. All these things present a challenge but a challenge that should

not be difficult if there is planning and management. Mr. Sullivan stated that if given the opportunity he feels that Securitas can provide Majestic with first quality people that have been trained site specific that know what the issues are. And secondly, a management profile that ensures the guards that are assigned to his property carry out policies and procedures and do so consistently.

Mr. Sullivan stated that his company has the staff to be able to staff up during the most challenging times like spring break, graduation and July 4th and feels that the budgeted amount of money is adequate to handle the challenges at Majestic. Anne Madgic made a motion to dismiss our present security company with notice and contract with Securitas. Greg Boyd seconded. The motion carried by unanimous vote.

6. **Insurance Renewal Proposals**-Proposals were received from two different agents: Fisher-Brown (incumbent for all policies excluding flood) and Brown Insurance Services. Brown Insurance submitted options for both private wind insurance and the state-backed Citizens wind insurance. Fisher-Brown submitted a proposal for private only.

Mr. Lewis stated that we have had great success this year in having our flood insurance premiums reduced tremendously. Jay Hancock with Brown Insurance recommended that we have a V-Zone study done on the buildings and to also have the buildings re-appraised. In doing so, we were able to re-set the insurable value which has enabled us to save money. The insurable value is 10 million dollars less. We are now able to buy less insurance which is going to save some money. The flood premium is also down \$160,000. so all together we are going to save about \$200,000. This will help tremendously since we have so many people not paying their assessments.

After discussing the various options for insurance and financing that were proposed, Mr. Lewis asked that the Board award the flood insurance to Brown Insurance due to the fact that it was Jay Hancock who advised us to do the V-Zone study and the re-appraisal which saved us a lot of money. The Board was in agreement. Ed Hickey made a motion to accept Brown Insurance proposal for flood and continue to do business with Fisher-Brown on all other insurances. Gary Baker seconded. Mr. Lewis passed the gavel to amend the motion to say that if we are able to get good financing and without a large down payment. The motion carried by unanimous vote.

7. **Financial Report.** After the audited financials we made adjusted entries from the end of the year. Last year we had a surplus in both of the towers of approximately \$30,000. The adjusted journal entries that the auditors wanted us to make had to do with allowance for doubtful accounts which turned our surplus into a loss for last year which was a combined loss of \$47,000. At the moment, all 3 budgets are operating under budget with the exception of security which was \$10,000 over budget at the end of March. Electricity is over budget by \$4,000. The accounts receivable assessments in Tower 1 are \$210,379. of that \$155,000 is money that is tied up in some sort of legal action. Tower 2 accounts receivable is \$175,654. of which \$147,200 is tied up in legal action.

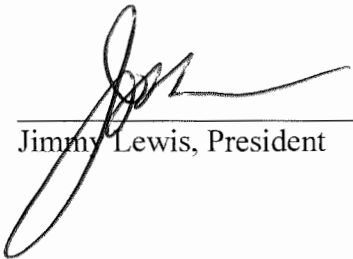
There is a lot of movement in foreclosures and short sales but for every one we get off the list, there seems to be another one that we gain. Patti distributed the lien list. We are waiting about a year from the time people file foreclosure until the time the association receives any money which means that there is 6 months that is a total loss. We are sending out about 50 certified letters to people who have not paid the current assessments. The accounts receivable continue to go up. Mr. Lewis asked if we have enough money to make it through the year without a special assessment. Patti replied, if we hold the budget.

- 8. Collections Attorney.** Jimmy Lewis stated that laws are not in our favor as it pertains to collections. We continue being abused by a number of owners who continue to rent their units and do not pay the bank, association or their taxes. The only people they are paying are the power company who is the only entity that has the right to cut off their services. We the association feel that it would be to our best interest to hire a new collections attorney as the one we are doing business with now seems to be possibly overwhelmed and not able to get the results that the association needs. The association has been able to foreclose on a unit due to non payment of assessments which took about 6 months. This unit is now owned by the association but is subject to a mortgage and is on the rental program. Therefore, all revenue will go to the association. Mr. Lewis requested that the Board approve changing our collection attorney to hopefully get better results. Gary Baker made a motion that we change attorneys. Ed Hickey seconded. The motion carried by unanimous vote.
- 9. Cell Phone Tower Lease.** Greg Boyd presented a proposal to put a cell phone tower on the side of Tower 1 which would be 80 feet from the top of the building. The wiring and hardware would be painted the same color as the building. The contract would pay \$24,000 to \$25,000. per year with a 3% increase per year. The cell tower will be on the right side and on the face of Tower 1. Mr. Lewis asked the Board to give Greg Boyd authority to negotiate the contract. Anne Magdic made a motion to give Mr. Boyd authority. Debra Ciano seconded the motion. The motion carried by unanimous vote.
- 10. Spring Break Damage-**There were 2 elevator doors that were damaged during spring break, both of which require the doors to be replaced. There is a \$5,000. deductible in which the association will have to pay. The Board has requested that the deductible be taken out of the reserve account rather than the operating account. Gary Baker made a motion to take the money out of the reserves. Greg Boyd seconded. The motion carried by unanimous vote.
- 11. Maintenance-**The manager reported that all the decks leading to the beach and the observation deck have been re-sealed. All the hot tubs have been pressure washed and copings have been painted. The outside pool equipment doors have been painted. The ceilings outside the elevators on the 22nd and 23rd floors in Tower 2 have been painted. All exit lights that were destroyed during spring break have been replaced. An inspection of all door hardware in Tower 1 and 2 was completed on April 20th. The hardware needed to do the repairs is as follows: door handles-11, latches-14 and hinges-5.

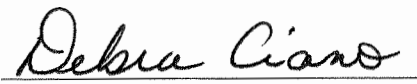
There was Board discussion on the painting of the doors and bridge, it has been decided that we will clean the doors at this time and will not paint the Tower 2 bridge this year.

12. **Annual Meeting set for October 30th and 31st.** There was discussion to have the annual party on Friday October 30th and the annual owners meeting on October 31st. Gary Baker made a motion. Ed Hickey seconded. The motion carried by unanimous vote.
13. **Any Other Association Business.** There was no further business to bring before the Board.
14. **Adjournment.** With there being no further business to discuss, Ed Hickey made a motion to adjourn and Gary Baker made the second. The motion carried by unanimous vote. The meeting adjourned at 3:50pm.

Approved this 8th day of October, 2009 by a unanimous vote of the Board of Directors of the Majestic Beach Resort Community Association, Inc.



Jimmy Lewis, President



Debra Ciano, Secretary

**MAJESTIC BEACH RESORT COMMUNITY ASSOCIATION, INC.
MINUTES OF THE BOARD OF DIRECTORS MEETING
OCTOBER 8, 2009**

Board Members Present

Jimmy Lewis, President
Ed Hickey, Vice President
Gary Baker, Director
Greg Boyd, Director (by phone)
Dan Hancock, Director (by phone)

Management Present

Tom Sparks, General Manager
Mike Wray, VP Association Operations
Glenda Stephens, Association Manager
Karen Hood, Assoc. Accounting Manager
Patti Hitt, Assistant Accounting Manager
Danny Wilson, Maintenance Manager
Jack Vitello, Director of Safety & Security

Budget Committee Members Present

Ryan Hamm

Owners Present

James Lewis
Len Lupton
Roy Miller

1. **Welcome/Call to Order/Roll Call.** Determination of Quorum. Jimmy Lewis called the meeting to order at 1:40 pm. As there were five directors present, there was a quorum.
2. **Proof of Due Notice.** Glenda Stephens verified that the notice of the meeting and agenda were posted on property as required by Chapter 718, F.S., and the condominium By-Laws.
3. **Residents Open Forum.** Owner Len Lupton brought several recommendations before the board. He requested that during bike week, that management have all trailers park on the upper parking deck and that the guests with trailers check in at the front desk at which time the front desk would inform them that they would be required to park on the top deck. He also recommended that the association install bollards/poles in the concrete curb under the activities building to prevent guest from parking on the curbs. His last recommendation was to designate a specific area for motorcycles to park. Mr. Lewis asked for management's recommendations in regards to Mr. Lupton's suggestions. Mr. Wray responded in saying that it would be very difficult for trailers to maneuver around the corners in the parking garage and felt that it would be best to keep the trailers on the first floor if possible. Mr. Lewis added that he was in favor of designating a specific area for the motorcycles to park. After discussion, the board agreed that the first level in the back area as you pull into the parking garage would be designated for motorcycle parking only during bike week. There will be signs posted in the low ceiling height area. Gary Baker made a motion to designate the first floor parking garage area to the motorcycles during bike week and to install bollards/poles on the curbs under activities building to restrict people from parking on the curbs. Dan Hancock seconded the motion. The motion carried by unanimous vote.
4. **Reading and Disposing of Unapproved Minutes.** Ed Hickey made a motion to dispense with reading the minutes from the May 7, 2009 meeting and to accept them as written. Second was made by Gary Baker. The motion carried by unanimous vote.
5. **Insurance.** Jay Hancock from Brown Insurance was present and discussed cost for all lines of coverage for 2010. Mr. Lewis stated that it was Jay Hancock's recommendation that we have the v-zone study done on the property which has saved us between \$170,000 and \$180,000. He stated that with the recommendations of Mr. Hancock, we hired PBS & J to do an onsite full

elevation study of the property and are currently now in the X zone. Based on the new study, our flood insurance premiums have decreased from \$450,000 per year to about \$40,000. per year. Jay Hancock briefed us on the cost of all other lines of coverage for Majestic for 2010. Mr. Hancock added that the private market is going to be the place for the Majestic next year and the premiums will be lower as well as additional options available next year. He added that Brown Insurance would like the opportunity to work with Majestic on all lines of coverage for 2010.

6. **Cell Phone Tower.** At the Board meeting on May 7, 2009, the board approved a proposal from AT & T to install a cell tower on Tower 1. The agreement was that AT & T would pay \$30,000 per year. Based on the requirements of the lease, the association would be required to receive approval from 66.67% of the owners in Tower 1. Mr. Lewis informed AT & T that the association would need assistance with the cost in legal fees, administrative cost and printing cost. They have sent us a check for \$5,000. to cover our expenses in circulating the vote. Upon receiving and reviewing the plans, Mr. Lewis stated that this was not what we expected as the plans would be unsightly. He then told the Real Estate Broker to go back to the drawing board to revise the placement of the antennas. AT & T revised the plans to meet Board approval and have stated that they would like to begin construction in December. The revenue generated from this cell tower will only go to the tower 1 owners. Ed Hickey made a motion that we approve taking the install of the cell tower to a vote of the owners. Dan Hancock seconded the motion. The motion carried by unanimous vote.
7. **Draft Budget Workshop.** Mr. Lewis stated that we are making great strides with our new legal counsel. They have collected some money that we have been struggling with for some time as well as pursuing people who continue to rent their units and continue not to pay their assessments. We are making great progress financially and are probably better off than we would have been had we not hired these new attorneys. The fact remains that because of the non-paying owners we have had to cut back on maintenance, security and several projects. Mr. Lewis stated that he has worked very closely with accounting management to produce a realistic budget. In the 2010 proposed budget, we have increased the maintenance staff by 5 people which will allow us to much better keep up with the problems that occur when we are very busy.

Our security budget is actually more than we budgeted for last year. The other component is estimates for bad debt which is a guesstimate. The association has now received title to another unit which we will rent out as we did the other unit we received title to. The association received title to this unit because we foreclosed a lien for non- payment of association dues. We only receive title to the real estate which is subject to the mortgage. Therefore, we will have to rent furniture for the unit in order to rent it out just as we have done with the other unit. Mr. Lewis explained the difference in the dues owed to the association from a short sale verses dues owed from a foreclosed unit. The management staff stated that the collection problems in 2009 will likely be equivalent to the collection for 2010. Patti Hitt stated that we have approximately 20 units in each building that at any given time that are at least 90 days behind.

Mr. Lewis added that had it not been for the insurance savings, the board would probably be voting on a special assessment at this time. He proposed that we take the insurance savings and spend it on maintenance, security and reserves for bad debt. If the bad debt is less that anticipated we may possibly want to consider painting the breezeway floors. The estimate for Tower 1 is \$93,000. and Tower 2 is \$72,000.

Mr. Roy Miller asked about the results of the energy audit which has not been completed. Patti Hitt stated that thus far purchasing the deregulated gas, there has been approximately a savings of 5%.

Dan Hancock asked how we came up with the amount for the additions for maintenance and security. Mr. Lewis replied that the manager of Securitas and Jack Vitello who is the Director of Security for management has recommended this schedule of guards to insure coverage during peak occupancy levels. As far as adding the 5 additional maintenance/cleaning people, this request was made by Danny Wilson, Condo Maintenance Manager who has stated that this is the manpower needed to keep Majestic clean and well maintained.

Dan Hancock asked about the activities building expenses being down from last year's budget. Patti Hitt explained that last year after the budget was approved Mr. Lewis deeded a percentage of the building to the community association. Prior to that, the community association had paid a percentage of the cost for its use. Because we did not know how much of the building would turn out to be deeded, we paid for the electricity, security and the insurance. The association paid for these things that were all in the activity building expense line items. Now, that we know how much of the building that actually belongs to the association, security, electricity and insurance have now gone into those particular budgets. The amount we are actually spending is the same as in previous years, it is just being budgeted for in the regular association budget, rather than as reimbursement.

The pedestrian walkover is showing a large decrease in funding because last year it was funded and the painting was not done. The \$23,000. that was funded in 2009 for the painting will be used in 2010. Mr. Lewis added that we knew the bridge needed to be painted but we have been hesitant to spend the money. He added that the carpet also needs to be replaced but hopefully we will be able to possibly get by a few more years before replacing as this will have to be put in the future budget.

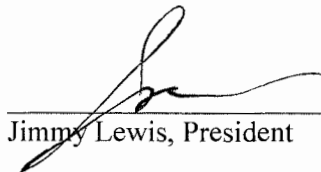
There have been 10 luggage carts purchased this month. We have also put money in the 2010 budget to purchase 10 more which will be purchased before the busy season next year.

The 2010 budget also includes money for a structural and a reserve study to be done as required by Florida law every 5 years. This is the proposed budget recommended by management. Mr. Lewis stated that he would like to propose that the board increase the reserve account by \$10,915. for doubtful accounts in Tower 2 to keep the dues where they are presently. According to the budget presented, Tower 1 should raise its dues by \$14,000. in total to keep the dues the same as 2009. Hopefully, the cell phone tower income next year will cover the shortage. Using the somewhat similar logic to increasing the bad debt allowance in Tower 2, we will decrease it in Tower 1 from this budget to make both towers have the same dues as in 2009.

8. **Adjournment.** With no further business to discuss, Dan Hancock made a motion to accept the change for the bad debt reserves so that both towers do not have an increase in association dues. Mr. Lewis added that we are not passing a budget, we are recommending a budget. This

recommended budget will be mailed to the homeowners. Ed Hickey seconded the motion. The motion carried unanimously. The meeting adjourned at 3:30pm.

Approved this 29th day of October, 2009 by a unanimous vote of the Board of Directors of the Majestic Beach Resort Community Association, Inc.



Jimmy Lewis, President



Debra Ciano, Secretary