

**MAJESTIC BEACH RESORT COMMUNITY ASSOCIATION INC. MINUTES OF THE
BOARD OF DIRECTORS MEETING
MAY 6, 2010**

Board Members Present

Jimmy Lewis, President
Roy Miller, Vice President
Ed Hickey, Secretary
Anne Bollinger, Treasurer (by phone)
Greg Baker, Director
Gary Boyd, Director
Dan Hancock, Director

Management Present

Tom Sparks, General Manager
Mike Wray, VP of Association Operations
Glenda Stephens, Association Manager
Karen Hood, Accounting Manager
Jack Vitello, Director of Security
Danny Wilson, Maintenance Manager
Stacy Aronson, VP of Lodging
Tammy George, Rental Service Manager

Budget Committee Members Present

Ryan Hamm; T2-1805

Counsel Present

Michael Burke, BurkeBlue

Owners Present

Ron Berry, T1-1515
Hollis Isbell, T2-402
Frances Milam, T1-2011
Herb & Teresa Schulstadt T1-2309

Insurance Company Present

Jay Hancock, Brown Insurance
Rob Tallent, Brown Insurance

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 well as mailed to the membership as required by Florida Statutes Chapter 718, 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.** Roy Miller made a motion to dispense with reading of the minutes from the Budget Ratification meeting on October 29, 2009 and the Organizational meeting on October 31, 2009 and accept them as written. Second was by Ed Hickey. The motion carried by unanimous vote.
5. **Discussion of Potential Litigation vs. British Petroleum.** Michael Burke from BurkeBlue discussed the potential effects the oil spill disaster could possibly have on the condominium association. He stated that a legitimate claim for economic damages would require that the association prove that our losses are from a direct and foreseeable consequence of the oil spill. Mr. Burke stressed that most importantly, good records are kept in order to prove that the oil spill caused or contributed to the property damage and economic losses.

Mr. Burke stated that at this time, British Petroleum has set aside seventy-five million dollars for the total exposure to the liability but Congressman Boyd is trying to raise this figure to unlimited or another number. British Petroleum has stated that they will pay for all legitimate claims.

It was recommended that the Board phone the British Petroleum Hotline to receive a claim number in the name of the association and to keep the claim open. Mr. Lewis recommended that a committee be formed in regards to the British Petroleum issue. Dan Hancock, Roy Miller and Ed Hickey volunteered to be on the committee. Mr. Miller recommended that Mr. Lewis make the phone call to obtain a claim number.

Mr. Burke also discussed the possible positive changes forthcoming to Chapter 718 which is now awaiting the governor's signature.

- 6. Insurance Renewal Proposals.** Jay Hancock with Brown Insurance submitted proposals for all lines of coverage. For wind coverage, he recommended an option with a 2% deductible which is a \$700.00 savings over last year's premium which included a 3% deductible.

Mr. Hancock stated there have been changes in regards to flood insurance deductibles. Last year all flood insurance deductibles were \$500.00. This year via FEMA and the National Flood Insurance Program, deductibles have been raised to \$1,000. He also stated that there is 3.17% financing available to the association.

After discussing the various options that were proposed, Greg Boyd made a motion to accept the recommended options from Brown Insurance to include the 3.17% financing. Second was by Ed Hickey. The motion passed unanimously.

- 7. Financial Report.** Karen Hood distributed copies of the year end audit for 2009. She stated that after reviewing the audit, it agrees with the year end financial with exception of the taxes which required a negative adjustment of \$2,354.00. At the end of March, Tower 1 and Tower 2 are under budget in utilities and several other small line items. There are 45 units in total, Tower 1, 27 units and Tower 2, 18 units that are in some type of litigation which total approximately \$350,000. in past due assessments.
- 8. Maintenance.** Mr. Lewis stated that the property is now 5 years old and is showing some signs of wear. It is the responsibility of the association to maintain the property. There are projects that need to be done to protect the integrity as well as the appearance of the property. It is time to paint the buildings and the Tower 2 walkover as well as replace the carpet in both walkovers. With the current oil situation, it may be wise to postpone the carpeting in the walkovers.

Several months ago we requested bid proposals from 5 companies. After reviewing all of the bids, Bryan Painting is the best priced and has proven to do quality work as we have had a positive experience using their services before. Their bid included prices with 2 paint options. Mr. Lewis suggested that the painting begin on Tower 2 and work around the busy season on Tower 1.

Mr. Lewis presented numerous samples of flooring to include roll carpet, carpet squares and rubber tiles. The price to replace the carpet with the existing pattern would be \$50,000. to include both walkovers. To replace with another commercial roll carpet would be approximately \$26,000.

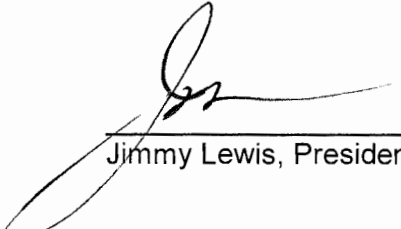
Due to the fact that the association is a non-profit organization, there was an excess of funds which totaled \$190,000 at the end of the year which must be spent or taxes will have to be paid on the total amount. Therefore, with this money available, it would be to

the best interest of the association to use the money to do the needed projects. The total available funds for the painting is \$314,000 for Tower 1 and \$216,000 for Tower 2. This total includes the overage from prior year retained earnings.


Gary Baker made a motion to move forward with the painting and carpet in a timely manner and that the Board leaves the decision as to when to start to the discretion of the Board President Jimmy Lewis and the Board Vice President Roy Miller. Greg Boyd said that he would like to further add that once the detrimental affects of the oil spill if any have ceased. Gary also added that the paint option using the Thorolastic paint and roll carpet be used. Anne Bollinger amended the motion to clarify that the prior year retained earnings be used first followed with the reserves then the working capital. Second was by Ed Hickey. The motion passed by unanimous vote.

- 9. Proposed Ban of Vehicles Containing Offensive Graphics.** After discussion on the banning of vehicles with offensive graphics. Jack Vitello, Director of Security stated that Florida Statues 847.013 would extend to offensive vehicles. Roy Miller made a motion to ban vehicles obtaining offensive graphics according to Florida Statutes 847.013. Second was by Ed Hickey. The motion passed by unanimous vote.
- 10. Spring Break Damages.** There was approximately \$7778.08 in damages during Spring Break this year. The damages included 156 exit signs, railing in back of Tower 2, two elevator calls, recharging of fire extinguishers and 2 ceiling fans.
- 11. Selection of Annual Meeting Date.** The Board selected November 5th for the Owners party and November 6th for the annual meeting. Roy Miller made a motion to approve these dates for the party and meeting. Second was by Gary Baker. The motion passed by unanimous vote.
- 12. Adjournment.** With there being no further business to discuss. Roy Miller made a motion to adjourn. Second was by Gary Baker. The motion carried by unanimous vote. The meeting adjourned at 4:00 pm.

Approved this 30th day of June, 2010 by a unanimous vote
Of the Board of Directors of the Majestic Beach Resort Community Association, Inc.



Jimmy Lewis, President



Ed Hickey, Secretary