

**The Ocean Club on Smuggler's Beach Resort Condominium Trust  
Annual Timeshare Interval Owners Meeting  
Sheraton Hyannis Hotel, Hyannis, MA  
January 9, 2007**

**CALL TO ORDER**

Board Chairman Mark Fishbon called the meeting to order at 7:00 p.m.

**ATTENDANCE**

Board members present: Mark Fishbon, Robert Kayer and Doug Manning

Board members absent: David Chvatal and Paul Bogosian

Present from SPM Resorts, Inc: Bill Young, Fred Eberman and Steve Buckley

Owners present: David Deacon, Herman Dahl, Bruce Pollock and Kathleen Kittredge, David Riker, Jack and Barbara Fishbon, Roland Chenail, Mary Ellen Maloney, Corrine Kayer, Theresa Manning, Jim and Joan Smith, Donald Johnson, Vivian Roe, Dorothy Mistark, Robert Bearisto, Wayne and Diane Cleversey, Michael Pantos and John and Barbara Kocur.

**PROOF OF NOTICE AND QUORUM VERIFICATION**

Steve Buckley read the Proof of Notice of Annual Meeting into the record, certifying that the Notice of Annual Meeting was sent to owners of record on December 9, 2006.

Mr. Eberman presented the Quorum Verification, stating that seventeen intervals were represented by owners in attendance, that 512 intervals were represented by proxy for a total attendance of 529 intervals. He reported that 132 intervals were required for a quorum. Therefore, a quorum was present and the Association could conduct business.

**PRESIDENT'S OPENING REMARKS**

Chairman Fishbon opened the meeting and introduced the management team of SPM Resorts, Inc. He added that Steve Buckley has been doing an outstanding job as General Manager of The Ocean Club.

**APPROVAL OF MINUTES**

Chairman Fishbon asked for a motion to waive the reading of the January 9, 2007 Annual Owner's Meeting minutes and approve the same.

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| A motion was made by Barbara Fishbon and seconded by Herman Dahl to waive reading of the January 10, 2006 Annual Meeting minutes. All were in favor and the motion carried unanimously. |
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| A motion was made by Herman Dahl and seconded by Barbara Fishbon to approve the minutes of the January 10, 2006 Annual Meeting as presented. All were in favor and the motion carried unanimously. |
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**GENERAL MANAGER'S REPORT**

Steve Buckley presented the General Manager's Report, which highlighted 2006 Accomplishments and 2007 Reserve Projects.

2006 Accomplishments:

Exterior Capital Projects

- Replaced Septic System #2
- Repaired and water sealed twelve decks
- Completed repairs on oceanfront bulkhead
- Replaced fence on western boundary
- Replaced seven sections of eastern boundary fencing
- Introduced termite control program
- Conducted investigation into development potential of Ocean Club's vacant lot.

Unit Interior Projects

- Replaced hardwood floors in seven units
- Retiled bathroom walls and flooring in eleven units
- Replaced area rugs in all sixty-three units
- Replaced thirty queen comforters
- Replaced wall clocks in fifteen units
- Replaced twelve refrigerators
- Replaced twelve TV sets
- Replaced fourteen VCR/DVD players
- Replaced ten queen sofa mattresses
- Replaced ten queen mattresses
- Installed resort wireless Internet
- Replaced bathroom pedestal sinks in three units
- Reupholstered bench seating in ten units

Common Area Projects

- Painted spa in pool area
- Replaced pool filter system
- Purchased pool/patio furniture
- Repaired six sections of pool roof

2007 Reserve Projects:

Exterior Capital Projects

- Repair and water seal decks in eleven units
- Replace brick stairs and walls at middle entrance
- Repay \$135,000 line of credit for septic system #2
- Replace eight sections of fencing on eastern boundary

Unit Interior Projects

- Replace eleven microwaves
- Replace nine queen mattresses
- Replace ten sofa mattresses
- Replace eleven small and one full size refrigerator
- Replace nine TV sets
- Purchase and install fifty DVD/VCR players
- Replace one dishwasher
- Replace radio/CD players in six units
- Replace wall lamps in five units
- Replace twenty dining area chairs

**Common Area Projects**

- Purchase and install Carbon Monoxide Detectors
- Purchase one unit HVAC-AC/Heat
- Purchase and install heater for Fitness Room sauna
- Resurface and paint swimming pool
- Purchase new equipment for Fitness Room
- Replace three wooden picnic tables
- Repair additional sections of pool roof

**PALMETTO MARKETING SALES REPORT**

Fred Eberman presented the Palmetto Marketing Sales Report for 2006, which showed total sales of 53 intervals, with 25 HOA sales (which represent new maintenance fees) and 28 Private Owner Re-sales. The resort average sale price was \$4,944.34, which increased by \$900 in 2006.

Mr. Eberman noted that the exchange programs coming from RCI and II, and the rental program are important to The Ocean Club. These bring revenue in and provide opportunity for the owners to exchange as well. The programs also provide a sales opportunity as well, with 11% of sales made from exchanges and 16% from renters. He further added that the sales sign has generated the majority of sales at the Resort.

**LEGAL COMMITTEE REPORT**

Chairman Fishbon reported on the Legal Committee Report to the owners. He ensured the owners that the resort has confident legal counsel handling a few small matters.

**FINANCIAL REPORT**

Fred Eberman presented the 2006 Operating Statement. He stated that Revenues looked great, with an Operating Surplus of \$53,364 for 2005 Actual (Audited). Net Operating Revenue and Total Expenses were budgeted for 2006 at \$1,324,464. He stated that based on 2006, an Operating Surplus of \$22,440 was forecasted and Other Revenue was forecasted higher in 2006 due to investment return.

Mr. Eberman stated that Expenses were not as favorable. He added that the budget target was met in terms of Reserve fees and investments. However, \$147,796 in Exterior Capital Projects was unbudgeted to replace the septic system, which was done by obtaining a line of credit, and a perk test needed for the vacant lot to see if it could be developed. The lot has passed the test and now is able to be developed and sold.

Mr. Eberman stated that there was a Fund Balance as of December 31, 2006 in the Reserve Account of \$27,127. The Forecasted Fund Balance as of December 31, 2006 is a deficit of \$124,162; however, this will turn around very quickly by paying off the \$135,000 line of credit. He added that the Board has dedicated a majority of the sale of the vacant lot to be added to the Reserve Fund.

Mr. Eberman presented the 2007 Budget. He noted that the Utility Expense has been budgeted higher due to a new energy contract. Housekeeping Expense is higher due to laundry being out-sourced. Payroll Taxes and Benefits are higher due to the new Health Insurance Enrollment requirement per Massachusetts Law, as well as the increased cost of Health Insurance. Leases, Contracts and Fixed Expenses are higher due to insurance and property taxes. The Total Operating and Reserve Budget for 2007 is \$1,599,842.

The Board entertained questions from the owners regarding the vacant lot and the Reserve Fund. The Board praised the management team at SPM Resorts, Inc. for their hard work.

## **OLD BUSINESS**

Chairman Fishbon asked if any owners had any old business issues to address. He entertained a question from one owner regarding the much earlier carpet replacement. The Board recalled that the carpet was defective and so was replaced. Other owners asked about the week reservation process. Mr. Buckley explained the process for reserving the weeks as well as the week 25. Owners were informed that their suggestions for the reservation process would be solicited in the March Newsletter.

## **NEW BUSINESS**

Chairman Fishbon asked if any owners had any new business issues to address. Hearing none, he turned the floor over to SPM Resorts, Inc. President Bill Young.

Mr. Young announced that the RCI Representative was not able to attend the meeting, and asked the Activities Director to help with some giveaways from RCI.

1. One free RCI Bonus Week Vacation. Winner is Barbara and John Kocur.
2. One free RCI Domestic Exchange Fee. Winner is Barbara and Jack Fishbon.
3. Free Year of Weeks Membership. Winner is Joan and Jim Smith.

Mr. Young announce some giveaways from SPM Resorts, Inc.

1. Two Round-trip airfare tickets and one-week stay at an SPM managed property in Orlando. Winner is Bruce Pollock and Kathleen Kittredge.
2. Two Round-trip airfare tickets and one week stay at an SPM managed property in Myrtle Beach. Winner is Wayne and Diane Cleversey.
3. One-week stay at Bluebeard's Castle in St. Thomas, U. S. Virgin Islands. Winner is Mary Ellen Maloney.

## **ADJOURNMENT**

Chairman Fishbon announced that Dr. Chvatal and Paul Bogosian were unable to attend this year's meeting due to personal reasons. Both sent their regards and hoped to attend next year's meeting.

He and the Board thanked the Ocean Club personnel for their dedication and day-to-day hard work.

Chairman Fishbon also noted that "Bingo Bob", Bob Welsh, is doing well after his injury this past summer and will be back at the Ocean Club.

He also thanked the management company, Mr. Young, Fred Eberman and Steve Buckley for their attention to detail and hard work. Mr. Fishbon also thanked the Board members as well.

Finally, he thanked the owners for attending and asked for a motion to adjourn the Annual Meeting.

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| <p>A motion was made by Michael Pantos and seconded by Jim Smith to adjourn the Annual Meeting at 8:40 p.m. All were in favor and the motion carried unanimously.</p> |
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