

The Ocean Club on Smuggler's Beach Resort Condominium Trust
Annual Timeshare Interval Owners' Meeting
The Resort & Conference Center at Hyannis, Hyannis, MA
January 13, 2009

CALL TO ORDER

Board Chairman Mark Fishbon called the meeting to order at 7:11 p.m. and verified a quorum of Board Members were present.

ATTENDANCE

Board members present: Mark Fishbon, Robert Kayer, Doug Manning, Kathleen Kittredge and Ken Nordeen.

Present from SPM Resorts, Inc: Fred Eberman, Steve Buckley, Linda MacDonald and Sherry Potenziano as Recording Secretary.

Present from Palmetto Marketing: Paul Goodrich.

Owners present: Rob and Donna Brown, Wayne and Diana Cleversey, Herman and Helen Dahl, David and Linda Deacon, Albert & Elizabeth Ferreira, Jack and Barbara Fishbon, Carine Kayer, John Kocur, George and Theresa LaBombard, Lynn MacWilliams, Hugh and Linda Maquire, Merry Nordeen, Michael Pantos, Bruce Pollock, Vivian Roe, Jim and Joan Smith, Don and Connie Stark, Terry Manning, and Bruce Pollack.

PROOF OF NOTICE AND QUORUM CERTIFICATION

Ms. Potenziano read the Proof of Notice of Annual Meeting into the record, certifying that the Notice of Annual Meeting was mailed to owners of record on December 10, 2008.

Mr. Goodrich presented the Quorum Certification, stating that there were 388 intervals present by proxy, and 11 intervals present in person, for a total of 399 intervals represented. Mr. Goodrich reported that the quorum requirement of 131 was achieved; therefore, a quorum was present and the Association could conduct business.

PRESIDENT'S OPENING REMARKS

Chairman Fishbon opened the meeting and introduced the Board members and the Management team of SPM Resorts, Inc. He thanked Steve Buckley and his staff for doing an outstanding job at the Ocean Club.

APPROVAL OF MINUTES

Chairman Fishbon asked for a motion to waive the reading of, and to approve the Minutes of the January 8, 2008 Annual Owners' Meeting.

<p>A Motion was made by Owner Herman Dahl and seconded by Owner John Kocur to waive reading of, and to approve the Minutes of the January 8, 2008 Annual Owners' Meeting minutes. All were in favor and the Motion carried unanimously.</p>

REPORTS

General Manager's Report

Mr. Buckley presented the General Manager's Report, which highlighted 2008 accomplishments and 2008 Reserve Projects totaling \$235,402.

Exterior Capital Projects - Replaced five hallway glass sliders, ten hallway windows, exterior lighting and fixtures, Activities decking, some plexi-glass windbreakers and forty sections of wood fence on the eastern boundary; repaired Gazebo roof; and completed masonry/vinyl siding Phase I.

Interior Furnishings & Appliances - Replaced twelve queen mattresses, ten sofa mattresses, twenty unit area rugs, seventeen dining area chairs, five bedroom wall lamps, thirty queen comforters, eleven microwaves, eleven refrigerators, and nine television sets; reupholstered settees; and purchased unit ironing boards.

Common Area Projects - Replaced some pool furniture, Activities Room sofa and carpeting, sink and faucet hardware in lobby bathroom; repaired tile in some unit bathrooms, replaced additional sections of the pool roof; purchased spa filter; HVAC for Unit 70, the Fitness Room, and three one-bedroom units; re-keyed all unit deadbolts, wallpapered lobby area, resurfaced and painted pool area spa; and updated the pool to safety code, per the Virginia Graeme Baker Safety Act.

Mr. Buckley reported on the 2009 Reserve Projects totaling \$183,276.

Exterior Capital Projects - Replace five hallway glass sliders, ten hallway windows, replace Unit 69 and 70 decking and railing, Activities deck railing, some plexi-glass windbreaks and exterior decking by the beach, vinyl siding Phase 2, replace and/or repair exterior signage over Units 69 and 70; repair chimneys and flashing, and foundation work; seal coat and stripe parking lot and removal of pool cover frame.

Unit Interior Projects - Replace three queen mattresses, four twin mattress, ten sofa mattresses, sofas in Units 36 and 70, ten unit area rugs, thirty dining area chairs, five bedroom wall lamps, two microwaves, six refrigerators, eleven television sets, and six DVD players; reupholster settees and complete the Model Unit.

Common Area Projects - Replace some pool furniture, Activities Center cabinets, countertops, and closet doors, washer and dryer in the Laundry Center; purchase HVAC for Unit 36 or 69, HVAC for Housekeeping and Maintenance and three HVAC's for one-bedroom units; and repair additional sections of pool roof.

DIRECTOR'S REPORTS

Chairman Fishbon informed the homeowners that the Board completed their Board Meeting, prior to the start of the Annual Meeting. He reported that the Board reviewed financial reports, billing and collections reports, marketing reports, General Manager's reports, and the Refurbishment Committee's report.

Palmetto Marketing Sales Report

Mr. Goodrich shared that Palmetto Marketing has been at the Resort for nine years, and that Marilyn, the Resort's sales representative, will be back in February 2009.

Mr. Goodrich reported that forty-nine sales were made in 2008, with twenty-one being HOA trust-owned inventory, representing new maintenance fee paying owners. The other twenty-eight sales were private owner resales. He stated that twenty weeks were purchased by existing owners, five from exchange owners, six from rentals, and eighteen by walk-in customers who saw signage.

Legal Report

Mr. Eberman reported that there were currently no legal activities to report, noting that all prior activities have been resolved to the Board and Management's satisfaction.

Financial Report

Mr. Eberman presented the 2008 Operating Statement, stating Current Year Maintenance Fee revenues were under budget by \$22,419, which presents a budgeted Collection Rate of 88.5%. He also reported, due to the economy, Rental Revenue and Interest Earnings were also down, noting that monies invested are in secure funds, but that the rate of return has diminished. He also noted Transfer to Reserve was down by \$3,985, and Net Operating Revenue was \$65,785 less than budgeted.

Mr. Eberman reported Operating Expenses, noting a \$21,678 decrease in Utility Expense, due to long-term fixed-price contracts on natural gas and electricity rates. He also noted Administration and General Expense was over budget by \$25,944, indicating this was a planned overage that the Board authorized Management to exceed the Collection Expense budget by \$25,000. Mr. Eberman also noted Salaries and Wages were under budget by \$23,531, Payroll Taxes and Related Expenses were \$24,113 under budget, predominantly in Employee Health Insurance, and Leases, Contracts and Fixed Expenses were \$2,587 over budget, due to income taxes. Management reported Total Operating Expenses to be under budget by \$48,891, forecasting an Operating loss for 2008 of \$15,941.

In response to a question posed by an owner, Mr. Eberman outlined the Board's approved Collection Policy. He stated, as of December 31, 2008, the Resort had 2,646 owners, noting the number paid in full, that 18 were owned by HOA, 64 were delinquent in 2009 Maintenance Fees, 84 were in bankruptcy, 61 were delinquent and in foreclosure, and 200 were multi year delinquent and in collections. He added that delinquent weeks are rented out.

In response to an owner's question, Management reported that they are using a more aggressive rental approach to recoup delinquent maintenance fees, and suggested flexible payment options to delinquent owners.

In response to a question posed by an owner, Management stated billing expenses would double if billing occurred two times per year instead of once; and that it would be more difficult to forecast future expenses if Maintenance Fees are still outstanding.

In response to a question posed by an owner, it was noted that owners do receive a 25% discount on rental stays and a discussion ensued regarding the check-in times.

In response to an owner's question, Management stated that the Annual Meeting date in January is dictated by the condominium's documents, and that 90% of ownership is required to amend the document.

In response to a question posed by an owner, Mr. Goodrich stated that thirteen resales were getaways.

2008 Operating & Reserve Fund Balances

Mr. Eberman presented a report on the 2008 Operating & Reserve Fund Balances. He reported at the beginning of 2008, the Operating Fund Balance was \$62,149 and with the forecasted Operating deficit, the end of year Fund Balance would be \$46,208.

Mr. Eberman presented the 2008 Reserve Balances, advising that with the forecasted 2008 surplus, the Reserve Fund Balance would be \$270,418 at year-end.

2009 Budget

Mr. Eberman presented the 2009 Budget, noting forecasted increases in the majority of the expenses. He reported Total Operating Expenses were budgeted at \$1,402,142, Total Reserve Expenses were budgeted at \$183,276, and Total Operating and Reserves were budgeted at \$1,585,418.

Refurbishment Report

Mr. Kayer shared with the homeowners the Refurbishment Plans, noting the difference in the two model units; one being a full refurbishment in Unit 10, and the second being a "refurbishment light". He shared that the units would be completed on or about April 1st, at which time, owners would then have an opportunity to view the model units; and offer their comments, through the use of comment cards.

In response to a question posed by an owner, Mr. Kayer reported that the approximate cost of the full refurbishment would be \$35,000, and would be available for owners to view and provide comments. Mr. Eberman stated that the Board's Budget Meeting was scheduled for September 2009, and the Board would take feedback from owners into consideration in deciding how to move forward.

In response to an owner's question, Mr. Mike Rutzen from Gorman Furniture indicated that the emphasis of the renovation was to raise the level of quality in the units, in order to exceed other competitors in the area.

REPORT OF ELECTION OF TRUSTEES

Election of Members to the Board of Directors

Chairman Fishbon informed the homeowners that the Board was made up of five homeowners elected for three-year staggered terms. He noted that this year, Doug Manning and Ken Nordeen were up for re-election to the Board and that Allan Burgess was also running. Owners Herman Dahl and Lynn MacWilliams volunteered to serve as Inspectors of Election.

Following the tallying of the votes, Mr. Goodrich reported that Mr. Manning and Mr. Nordeen were re-elected to the Board.

OLD BUSINESS

Chairman Fishbon asked the owners if they had any old business issues. There were none.

NEW BUSINESS

The condition of beachfront after storms was reported and noted that sand had actually built up after storms this year.

Door Prizes

Chairman Fishbon reported that due to the current economy and the undertaking of the ambitious refurbishment project in the future, no door prizes would be awarded this year, and he thanked everyone for attending the Annual Meeting.

Chairman Fishbon thanked the Board Members for their service and complimented Management for their hard work.

ADJOURNMENT

There being no further business, Chairman Fishbon asked for a Motion to adjourn the Annual Meeting.

A Motion was made by Owner John Kocur and seconded by Owner Carine Kayer to adjourn the Annual Meeting at 9:02 p.m. All were favor and the Motion carried
