

Spicebush at Sea Pines Owner's Association

Fall Board Meeting Minutes

October 18-19, 2015

The board met at the Spicebush pool at 1pm on October 18, 2015. Present were Peter McElroy, Dave Shay, Theresa Thomas, Paul Anderson, and Cheryl Disque from the board and Mark King, Bob Long, and Andy Sutton from The Club Group, Ltd.

The board toured the pool area, tennis courts and fire pit area. The board mentioned how often the fire pit was used and the positive responses they heard from fellow owners. The board also toured two swinging benches on the property. The one nearest the Ocean Course had recently been installed and the view opened up and now the recently re-built Plantation Club can be seen across the lagoon from the bench. Mark pointed out the beginning of the Ocean Course redesign and reminded the board the new plan proposed to replace the current par-4 hole with a par-3 hole which will put the green directly in view of the Spicebush units. The other bench faced the lagoon in the center of Spicebush. CGL had cleared back the underbrush so that owners and guests can sit and have a clear view of the lagoon under the oak tree.

The board then moved into unit #___. Bob stated that most of the table bases had been replaced and that some of the chairs also had been replaced where needed. The original par for stools was four (4) per unit but some over the years had been removed and never replaced. All units should have a minimum of three (3) and some may have four (4). The board asked about the possibility of re-covering the dining room chairs and bar stools. CGL would look into the costs and necessity of doing that project. Included in the 2016 budget is a replacement of some of the TVs. Dave and Andy discussed the possibility of upgrading the Living Room TV with a larger and smart TV. Andy was to look into the capacity of the existing brackets. Cheryl did not like the Master Bedroom bedspread and wanted to make sure that this was not a prototype for the other Master Bedrooms. Bob assured her it would not be duplicated. Also, Bob pointed out the armoire in the Master Bedroom. The board had previously asked CGL to provide a quote to replace the armoire with a more modern and useful piece of furniture. The details would be provided later in the budget discussion.

The board reconvened at the Harbour Town Yacht Club at 2:15pm.

The board made a motion, it was seconded, and passed unanimously to approve the minutes of the April 26-27, 2015 board meeting as presented.

Paul requested the board review a couple of items within the minutes as follow up. At the last board meeting the board had discussed putting a bike rack, some sort of plant, and pine bark in the courtyards of the units. Due to the cost of the bike racks, the board tabled any additional bike racks. Pine bark has been added to the courtyards, but any further changes continue to be tabled. Also at the last board meeting, there had been discussion about putting an inventory of items in the check-in packages so that people knew what was supposed to be in the units. That had been accomplished. Additionally, Andy was

directed to email to Theresa the list of vendor and service contracts that Spicebush currently has. Dave requested CGL to look into an efficient way for new board members to have access to prior board meeting minutes as a quick way of catching up on previously discussed items when they come onto the board. Andy was to look into the feasibility of adding the minutes to a password protected section on the website for the board only.

Bob gave the property report. The comparison of the comment cards provided a general increase in the satisfaction level. Of particular interest the condition of appliances and furniture increased for little apparent reason though the negative rating given previously was also a little perplexing. Part of the reason for unexplained changes in otherwise static items is at least partially explained by the total number of respondents being rather low. Dave suggested that the Association create a drawing for all owners who respond to the comment cards and provide their email address. The drawing would be handled twice a year on June 30, 2016 and then on December 31, 2016 and the winner would get a free HOA week to use in the next 12 months based on availability. The drawing would be open to all owners and guests who respond. Dave suggested we put a box on top of the comment cards that would help denote whether an owner, guest or exchange person was filling out the cards. Dave also suggested that the Spicebush website be listed on advance confirmations to make sure all guests have access to the website check-in instructions.

The board had considerable discussion on the status of the resort. For the past several years, the Spicebush board has declined its earned Gold Crown for RCI. Dave questioned if the Gold Crown gave any additional benefit and the answer specifically for trading was no. Dave questioned if having a Gold Crown added any sales value. The thought would be that a potential owner may shop around and see Spicebush as a Silver Crown and pass as they might only be looking for Gold Crown and thus pass on purchasing or inquiring further of Spicebush. CGL expressed the concern that sometime ago Spicebush had accepted the Gold Crown and since Spicebush does not have many of the conveniences more modern resorts do, the negative reviews can force the rating factor to drop even below Silver, which would have a negative impact on Spicebush. The board agreed to discuss accepting or declining the Gold Crown status if offered again next year in more detail.

Andy reviewed the Year-to-Date actual numbers thru September 30, 2015. While most of the line items were in line with budget, Andy did point out a couple of variances. Rental Income is down compared to budget primarily due to the Master Bathroom work. The Bad Debt is well behind budget and is largely due to the successful collection of the "final years dues" before taking back the unit or an owner paying for a couple of years in advance in order to give back their deed to the Association. Propane is higher than budget by a small amount largely due to the fire pit. Housekeeping Amenities is over budget due to the increased replacement of coffee pots and toasters. Part of the 2016 Reserve budget will be to replace all of the Kitchen counter top appliances with newer and better quality appliances. As part of the chip enabled credit cards, Spicebush had to upgrade its ability to take credit cards from its members which created a comparatively large overspend on Supplies-Office. The legal budget is under budget thru September but with the recent passing of the Non-Judicial Foreclosure, Andy is hopeful to be able to finally take back some peak weeks that have been mired up with LLCs for some time. On the Reserves, Andy pointed out that the Exterior Paint had come in under the already reduced budget. At

the last board meeting the board directed CGL to remove the outdated TV stand and clean up and hide the electronics. This created an expenditure not originally budgeted but has certainly made the units look much cleaner and fresher.

Andy then reviewed the budget that had previously been submitted to the board. The board made a motion to accept the budget as presented. The motion was seconded and passed unanimously. The major expenditure for 2016 is the roof. Due to the last 12 of the units being taken out of availability for the Master Bathroom project, CGL recommended that the roofs on those 12 units also be completed at that same time so that only 12 units will have to be taken down later in 2016. Bob mentioned that the Association was in need of addressing some tree issues. Some of the work that needed to be done was a more extensive trim and some of it was for tree removal. CGL will provide the board with a breakout of the cost to keep Spicebush safe. Bob also mentioned that CGL was looking into ways to replace the front door locks. Over the years the locks have begun to fail and become sticky. Because the locks are old, they cost a considerable amount to repair the components. CGL is looking into replacing the locks for future budgets. Due to the size of the lock mechanism, CGL is also looking to see if it would be cheaper to replace the entire door at the same time. CGL is also looking at the feasibility of replacing the current key lock with a keyless system. CGL will report back to the board its findings.

The board briefly discussed the Timeshare Closing Services litigation. As noted in previous correspondence, Spicebush is not a claimant on the existing Graham case but Spicebush continues to be interested in following the outcome of the Swallowtail case.

There being no further business, the meeting was adjourned for the day.

The board reconvened at 8:00am on October 19, 2015 in the Harbour Town Yacht Club.

The board was joined by Anne Reed of Carey and Company, CPA. Anne Reed performed the Spicebush audit for 2014. Paul, the Association Treasurer, set up the meeting for the auditor to come to the board meeting and present to the full board. The board asked Anne specific questions regarding the internal controls of CGL and what exposure, if any, that Spicebush had as a result. Anne stated that CGL had good internal controls and that with the oversight the board has, the systems are in place to make sure Spicebush is not leaving anything unchecked. After the question and answer time for the board, Anne left.

Mark then brought the board up to speed regarding a couple of inquiries he had received on behalf of Spicebush. The preliminary information received thus far seems to be a concept focused on helping older timeshare properties absorb foreclosed units and integrate these units into a vacation club/points concept. Since there was not enough information or any decision to be made, the board asked for CGL to keep them updated on any new information they receive.

Mark also put forth some marketing ideas that Spicebush may want to take advantage of to rent the HOA weeks. Based on some recent information, Spicebush would be able to create a landing page to drive people to that would be renter focused. Facebook and Google AdWords would be ways of pushing people to this landing page. The cost was estimated to be a couple of hundred dollars for the landing

page, and then a monthly cost of a couple of hundred dollars for Facebook and Google AdWords. Mark also mentioned the idea of VRBO. Dave stated that he has used VRBO in the past and thought that the best way to go would be to purchase a VRBO spot and advertise that way. The board approved CGL to purchase the premium package on VRBO and to let the board know when it goes live. There was discussion around what price to list the weeks on VRBO. The board was inclined to make the price all-inclusive and use that as a selling point to any would-be renters.

Mark updated the board that he was optimistic about making the 12/31/15 Recovery payment as scheduled. Mark will keep the board updated.

Theresa brought up the fact that 2016 has 53 weeks. The board agreed to rent the week 53 at a get-away price.

The board set the meeting dates as May 15-16, 2016 and October 16-17, 2016.

The board adjourned for the Annual Meeting at 10:00am.

The board reconvened after the Annual Meeting to elect officers. David Shay will be President, Cheryl Disque will be Vice President, Theresa Thomas will be Secretary, Paul Anderson will be Treasurer, and Kaleb Froehlich will be board member.

There being no further business, the board adjourned at 11:15am.