

PARADISE ISLAND BEACH CLUB

Annual General Meeting Thursday, November 10, 2011

The meeting was held at the Beach Club. Chairman Christopher Lightbourn called the meeting to order at 4:05 p.m. and confirmed that the members present and the proxies received exceeded the minimum requirement of six (6) members or 110 proxies.

Introductions

Mr. Lightbourn welcomed attendees and introduced the Management Committee members. Present were:-

- Christopher Lightbourn – Chairman
- Jim Martens – Member Representative / Elected
- Richard Pyfrom – Founder Member / Appointed
- Tony Knowles – General Manager

Apologies were received from:-

- Bert Millikin – Member Representative / Elected (in New Zealand)
- Maria Castrechini – Founder Member / Appointed (called away unexpectedly)

Mr. Lightbourn announced that Theresa Haven-Adderley was Recording Secretary for the Meeting.

Following is a list of Members present and number of weeks owned:

<i>First Name</i>	<i>Last Name</i>	<i># of Weeks Owned</i>
Andy & Nina	Balducci	50
Bill & Lynda	Haines	5
Michael & Wende	Harrison	1
Thomas & Kristine	Kramer	4
Nikki	Politz	1
Mary	Sperrazza	1
Henry	Koprowski	2
Bob & Anita	MacDonald	1
Jargen	Berkhardt	2
Jack	Nichols	2
Glenna	Martens	4

General Overview by Chairman:

Tony Knowles has now completed 4 years as General Manager of the Club. Mr. Lightbourn recalled that 4 years ago the Management Committee (comprised of Bert Milliken, Jim Martens, himself and Richard Pyfrom) reviewed 3 management proposals. Tony was given 1 year initially to manage the Club. At the time, record-keeping was poor, cash was minimal, the Club was tired and the Members were anxious. 4 years later, it is appropriate to say “Look how far we have come”. There is \$2+Million in the Bank, the Club is running on budget, records are in good shape and renovations have come a long way. Tony has done a good job in improving communications to Members. We are fighting to use every dollar given to us effectively. Electronic communications are being

used. There are currently only 56 Members who do not have an e-mail address. We would like to implement a weekly mass e-mail to members. The Membership is happy, Tony is #1! We thank him profusely. He has vision. I do this for my father who will be 82 in January. His vision was this Club is to be a family resort to be enjoyed for generations. This is happening today. Tomorrow, the focus has to be on the interior renovations. This will be done without a special assessment. 4 years ago, the Club was spending next year's dues in the current year. We are in good shape financially.

The Management Committee's focus over the next 60 days will be to review and agree how renovations will be done to the interior. Because we have excess cash, we could consider borrowing from ourselves with a predetermined repayment plan from future Reserves. Currently we allocate approximately \$600,000 per year for Reserve refurbishment. We are and will be financially responsible with your money!

Motion to accept the Meeting Agenda as posted to the Club's website

- o 1st – Andy Balducci;
- o 2nd – Thomas Kramer;

Unanimous vote.

2010 AGM Minutes:

Motion to approve 2010 AGM Minutes as posted to website

- o 1st – Jack Nichols;
- o 2nd – Kristine Kramer;

Unanimous vote.

Management Report:

Vote of thanks: Management thanks the Chairman and other members of the Management Committee for all their efforts and the confidence placed in the Club's management team. The Beach Club will continue to improve with your support.

2011 was a year of many changes. In spite of a visit from Hurricane Irene, I believe we have met your expectations. Some of the improvements made to the Club and tasks completed are noted below:

Physical Property: Some of the accomplishments this year include:-

- ◆ extra parking created on the eastern side of the property near the welcome center. There were 6 spaces and these have been increased to 16. Paving will occur once a tenant has been secured for the vacant space in the welcome center.
- ◆ Heightening of the wall separating the Club and Miramar for extra security. We are proposing the increase of the CCTV Camera surveillance around the perimeter of the property also for extra security.
- ◆ Completion of the trellis system around the Ocean pool. This will serve several purposes,
 - (a) it will permit the placement of retractable awnings around the Ocean Pool, replacing the huge blue umbrellas,
 - (b) it will enable the installation of temporary clear panels to serve as a windbreak system during the winter months,
 - (c) it would increase the efficiency of the pool heat pumps, and
 - (d) it will enable the placement of oscillating exterior electric fans during the summer months.

- ◆ Widening of the pathway near the ocean-front shower leading to Villa #7 to more than double for easier access.

Garden Pool: The main focus for the shut-down of the pool this year was to give this area a face-lift, the idea being to create extra space to accommodate more chaise lounges and to make the area more user friendly especially during strong winds. Some of the improvements are:-

- ◆ The wall near the security booth was demolished and a new wall erected, which added 4 feet of additional space (now 12 feet wide). 10 chaise lounges have been added to the area.
- ◆ The palms and plants were removed from the pathway that led through the garden and relocated.
- ◆ A wooden deck was installed from wall to wall with palms inserted along the perimeter.
- ◆ A 16' x 14' gazebo was installed.
- ◆ The coping on the pool was replaced – the grey-colored pavers were removed and replaced with colored concrete.

We are proud of the finished product. We have observed that many persons are enjoying the improvements. We anticipate that new lawn and pool deck furniture will be installed at both pools in the very near future.

New Gym: We have a new gym for the first time. We admonish Members to enjoy the gym with care and responsibility.

Interiors: Villa #41 was selected as a model unit. The changes to this unit will be applied to the remaining Villas. Some of the changes are:-

- Air-condition vents located directly over the dining table were re-located. This required re-designing of the duct work. The kitchen, living/dining room now have 2 vents instead, one over the counter in the kitchen and the other over the entertainment center.
- The bulkhead over the sink in the master bathroom was removed giving more height in the area. A vent was placed on the wall near the mirror separating the toilet area.
- Another vent is now located over the door as you enter the master bedroom, the duct for this was run behind the wall over the entertainment center.
- The proper cubic-feet-per-minute airflow is now in place, resulting in a much quieter and more efficient system that provides the same temperature in all rooms.
- The countertop for the bathroom sink was expanded to 24 inches permitting the placing of the sinks a little further apart and giving more elbow room. A 26-inch space between the sinks has a drawer that can accommodate make-up, hair brushes, etc. with a stool to sit on that slides fully under the counter, making for a comfortable well-lit make-up area. The top mounted sinks have been changed to under mounted. The expansion of the countertop and the removal of the bulkhead permitted a larger mirror with recessed lights overhead. These changes have made the bathroom appear much larger.

- Because of the changes to the master vanity, we were able to replace the make up vanity in the bedroom with dresser with a bank of four drawers on the left and four on the right.
- The head-board in the master bedroom was re-designed. It is now mounted on the wall and a pocket shelf on each side of the bed was installed. The removal of the old head-board created 8-inches of additional space at the foot of the bed.
- The television has been mounted with a bracket on the wall where the armoire used to be. The armoire was removed as it is no longer required, and a lot more space has been created between the foot of the bed and the wall.
- A full-length mirror is now placed behind the door in the master bedroom.
- In the guest bathroom, a pocket door was installed to provide more privacy. A new vanity with under mounted sink was also installed as well as a recessed area within the wall to accommodate toiletries.
- In the guest bedroom, the closet was split into 2 (similar to that in the master bedroom) with a tall-boy dresser in the center. A 32-inch television was mounted on the wall. There is now one straight head-board so that the beds can be put together without them looking awkward.
- In the living room, the old wet-bar/entertainment center was replaced by new cabinets to match the new kitchen cabinets.

Proposed Changes:-

- New window treatments are to be installed and will include a new rod system that will slide more easily. The fabric valances will be replaced with a wooden frame concealing the rod system. Crown molding will be installed with the exception of the tray ceiling areas. The suggestion that an interior-design board be put together with the proposed new fabric swatches and colors was well-received.
- I would like to retile the Villas and I'm proposing a 24" x 24" porcelain tile; however, this project is subject to funding and secondary to the interior refurbishments just discussed.

Re-Sales: A sales booth has been placed in the ferry terminal on Paradise Island where some 800 persons visit the terminal building daily for various charters and excursions. With the improvements already made and those proposed for the Villas, we are looking forward to increased volume sales in the near future. Now may not be an ideal time to sell because of the increased value of the vacation certificates as a result of the overall improvements. It is, however, a great time to buy!

Conclusion: My team and I look forward to assisting with the many changes and in serving you and your families going forward.

Financial Report:

Mr. Lightbourn made the following comments:-

- The financial statements to September 30, 2011, have been posted on the website.
- The statements show a healthy balance sheet. Some highlights are:
 - (a) Cash is averaging at \$2 Million,
 - (b) Liabilities are down \$500,000,
 - (c) Receivables are down,

- (d) Club enhancements have so far cost about \$220,000 – this includes improvements to the pools and the installation of the wind-breaks.
- Equity – When we assumed management from Festiva January 2008, the Club's equity was negative \$650,000. That figure increased to negative \$965,000 by December 2008 primarily due to auditors bad debt reserve of \$255,000. At September 2011 we are showing negative \$103,000 prior to pending positive adjustment of \$129,000. The Club's Equity will be positive by December 2011.
 - Festiva – Settlement will be finalized by year end. An initial payment was received earlier in the year and a further payment is expected in December.
 - Dues must and will be controlled. A strong Management Committee has been elected by you and support increases being limited to CPI.
 - Shenique Bethel has been doing a wonderful job keeping the records accurate and we have a great IT department out of Connecticut. Such diligence noted that one Member who voted had sold his week and was not entitled to vote.
 - Mr. Lightbourn again thanked the Members for giving us a great year and he
 - thanked Tony for delivering on his promise to restore the Club. Initially the Management Committee had to meet weekly to ensure that we kept abreast of what was happening at the Club. Now we only meet monthly. I am pleased and we can see that you are also. Constructive criticism is appreciated and requested.

2011 Elections:

Mr. Lightbourn reported that the process of voting on-line is now a lot easier. Some tweaking is still needed, but there are professional consultants assisting in the process. We received more votes this year than last. Last year, votes casted: 175, owning 309 weeks online. IT ensures dues are current and voters are still Members. Proxy votes are verified at the Club. This year, 208 votes casted owning 413 weeks. There were 88 votes by proxy last year and 85 this year.

Mr. Lightbourn thanked Bert Milliken whose term was expiring and expressed his thanks to all Members who considered running for the Board. We need 5 persons and fresh ideas. Everyone who has served as a Member has contributed. Election results are in.

Nominees and number of votes for Management Committee Representative:

- Mike Patoka (216 of 498) - Elected;
- Bert Milliken (149)
- MaryAnn KaraGeorges (67)
- Earl C. Williams Jr. (23)
- Mike Lieberman (7) and
- Scott Sciek (6)

Mr. Lightbourn thanked Members for voting and undertook to advise all of the results by e-mail tonight. Members were told to continue to communicate with Jim and Mike on how management can make things better at the Club, bearing in mind: no special assessment, and the CPI cap.

Unfinished Business from 2010: None known.

New Business:

Questions/comments from Members and answers by the Management Committee Members:

- Lynda Haines – Can we change the green paint in the bathroom? It is too loud and needs to be toned down. A soft pastel color would be preferred.
- Glenna Martens – Interior decorator – would like to see the fabric for the new window treatments. Suggests that a board be put together so that all of the colors are shown and the coordination could be appreciated.
- Kristine Kramer – On behalf of the Canadian persons unable to be here, thank you for living up to the dream. You resurrected the Club and our friends are grateful for the experience. Focus on Tony Knowles. A great leader builds a great team. Suggests that the Employee of the Month Award to the Employee of the Year; means a lot to the Bahamians. Encourage the continuation of the recognition creating the spirit of enthusiasm and positive energy. No matter what we confront Tony with, he is able to deal with it. Acknowledge the gardening – Jennifer is doing an outstanding job.
- Tony Knowles – On behalf of my wife, Jennifer, and I, this is home. The experience for both of us has been very rewarding. We will do the right thing. I want ideas; we want your input. Communication is good. Ideas can be sent to the elected representatives.
- Jim Martens – Regarding the refurbishment, come up with a product that we can put a \$ sign on (costs for one Villa). We have the ability to pass on to the other 43.
- Tony Knowles – New box springs and mattresses are being considered, one is being tested right now. We are also increasing WIFI bandwidth. We have paid for additional Cable Television channels. There are some challenges but there is a credit there.
- Thomas Kramer – Please ensure we get CNN Business channel.
- Reef Bar & Grill – This has been a challenge, specifically for the food & beverage side. Kirk came on with challenges at a time of crisis. Kirk was given 2 years to bring it around. We have selected someone new to take over the Reef Bar. An Italian (Villi) married to a Bahamian. Pizzas, pastas and pastries (he is a pastry chef) will be offered. Management Committee met with him yesterday. Kirk has added a life to downstairs; brings energy to the place/kids. We are making a proposal to him to come and assist us in the Sales Department. Campaigner e-mails will be done weekly with endorsements from persons who have eaten at the Reef.
- Christopher Lightbourn – We want our Club to be private and secure. We want the service and a good price. It is a challenge. If Villi could do what he is saying, we may have a different problem.
- Tom Kramer – There was no mention about the hotel license.
- Tony Knowles – A fax came in today. We are approved! In 2008 we were challenged by the Hotel Inspectors and now every time the inspectors come over, they are more impressed.
- Andy Balducci – Confirm the fact that Tony Knowles has done a great job, greater than persons can surmise. I am here for 8 to 9 months and so I see more than others. Do not get discouraged. For example, the garbage must be moved. We need the help of the neighbors, Atlantis. We love the Board – good persons, smart. But they don't see it all either. The kitchen needs a lot of help. A good person has been brought on to help with this. Congratulations to you, your team, the Board and everyone. Nina and I belong to a country club back home. There are problems everywhere. Not enough money, too many voices, etc.
- Kristine Kramer – Suggests that there be some signage around the kiddie pool – “No running”, “No jumping”, “No diving”, for example. Some information

- should be shared with arrivals that babies need to wear proper clothing. Basic hygienic and safety rules should be looked into and adopted.
- Tom Kramer – There should also be a sign at the gym about hygiene and safety.
 - Tony Knowles – A sign specialist was on tour at the property about 3 weeks ago. She has proposed signs and where they are to be placed. We are getting there.

Members were invited to view photos of the Club before 2008 and current which would be shown after the Meeting was adjourned.

Adjournment:

Motion to adjourn the Meeting

- 1st – Andy Balducci;
- 2nd – Glenna Martens;

Unanimous vote.

The 2011 Annual General Meeting of the Members of the Paradise Island Beach Club was adjourned at 5:17 p.m.