

PARADISE ISLAND BEACH CLUB

Annual General Meeting Thursday, November 6, 2014

The meeting was held at the Paradise Island Beach Club (“PIBC”). Chairman of the PIBC Management Committee, Jim Martens called the meeting to order at 4:00 p.m. The Chairman confirmed that the members present and the proxies received exceeded the minimum requirement of six (6) members or 110 proxies.

Introductions

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

Jim Martens – Chairman
David Rice – Member Representative / Elected
Scott Sieck – Member Representative / Elected
Mike Patoka – Founder Member / Appointed
Maria Castrechini – Founder Member / Appointed
Tony Knowles – General Manager

Mr. Martens 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>
Glenna & Jim	Martens	2
Carol & Mike	Patoka	1
Maureen & Scott	Sieck	4
Jack	Nichols	2
Barry	Bailey	1
Vicki	Gilgor	2
Sally & David	Rice	13
Linda	Bivens	3
Linda	Stamer	4
Maureen	McKeever	3
Lynda & Bill	Haines	5

Mr. Martens presented the agenda for the Meeting and the 2013 AGM Minutes and invited motions to accept.

Meeting Agenda:

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

1st Carol Patoka

2nd Glenna Martens

Unanimous vote.

2013 AGM Minutes:

Motion to approve 2013 AGM Minutes as posted to website

1st – Carol Patoka

2nd – Jack Nichols

Unanimous vote.

Mr. Martens then presented the Chairman's Report and noted the following:-

Over the past 7 years, since Tony Knowles joined the Management team, the Club has continued to grow and improve. A few of the recent achievements (which have been noted by the attendees to this Meeting) are:- (a) new silverware was delivered just yesterday; (b) new curtains have been installed over the last few weeks. There are many other upgrades and improvements which will be covered by Tony during his update. It is important to note that a great deal of time is spent on ordering and taking delivery of items required for the upgrades since most of the items are ordered offshore.

Defaulted weeks continue to be a problem and have resulted in an aggressive rental program in order to balance the budget while trying to re-sell those weeks. More information will be supplied on this point during the presentation of the Club's financial overview.

On a positive note, the Committee has come together on an aggressive program to continue to fix and upgrade the Units and also the Club property overall.

In 2015, the Committee will continue to implement an energy efficient initiative that will result in significant energy costs savings for the Club. The plan is to: (i) complete installation of new hot-water heaters; (ii) purchase and install one-third of the air conditioning systems in the Units; and (iii) complete installation of LED lighting throughout the property. This initiative, when completed, will save the Club about 35% of current electricity costs (amounting to some \$150,000 per year).

The Committee and the Membership greatly appreciate the time and effort that Tony Knowles has given this year and in previous years. On behalf of the Management Committee, and the Membership, we again give special commendation to him for his efforts and accomplishments.

Commendation and recognition are also again given to Tony's team leaders:

Gloria Matthews – Accounts Department;

Denise Moore – Housekeeping Department;

Derek Rolle – Maintenance Department;

Jennifer Knowles – Mini Mart / Landscaping; and

Robin Cartwright – Front Desk Manager.

Also worthy of mention is the outstanding service that is provided by the Club's employees in housekeeping, Front Desk, Engineering, Beach and Pool Deck employees – including the Pool Bar and Mini-Mart. The Management Committee and the Membership acknowledge that the Club has great employees.

Club Members are again invited to address any concerns to the elected Members on the Management Committee. It is to be noted that everything that is said is listened to and Tony and his super staff will do whatever they can to address the concerns satisfactorily.

Management Report:

Vote of thanks: Management thanks the Management Committee and the Members of the Club for the opportunity given to serve and the general support to the Management team.

There continues to be more enhancements and continued progress in our goal to improve the overall vacation experience. Some of the efforts are:-

Reservations: This remains the Club's biggest challenge. We are happy to report that the 2015 reservation process has gone better than 2014. Members have now gotten a better understanding of the process and this is very helpful. The greatest challenge encountered was receiving the mailed checks. We are looking at this challenge and the Committee has now approved the use of credit cards without the 4% service charge. The service charge will be completely removed for a 12-month trial period and the ability to use the credit cards will come into effect within the next 10 to 14 days.

In the meantime, we will have to change our bank and merchant credit card processor to one offering lower processing fees and rates so that any Member who would like to use his or her credit card before the effective date will be charged 2% instead of the normal 4% until the process is completed. The change in policy to accommodate credit cards is designed with the swing owner in mind – those who visit the Club only in the swing fall period. It is to be noted that if all Members were to pay their maintenance fees and all charges accumulated during their stay, this would result in a \$100,000+ budget line item. To put things in perspective for each \$50,000. Increase or decrease increment it effects each unit week by an average of twenty five dollars, \$25.00 Management encourages all Members who visit the Club and would like to pay maintenance and other fees as you did in the past, i.e: with cash or by check, to continue to do so.

Once the reservation period for Members has been exhausted with the new encrypted and secure credit card system, Members and the online shopper will have the opportunity to visit the Club's website, access the reservation calendar, pay for and book their reservations online. This will add to the Club's rental income.

Rentals: 2014 has been the busiest year as it relates to occupancy and rental revenue earned. Today, we are ahead of our projected rental income as budgeted. With the recent improvements and current marketing systems in place, we hope to continue to increase and improve our rental income.

Because of the many improvements to the physical property, the Management Committee has decided to approach the normal shut down period, i.e: weeks 35 and 36, differently. These weeks will now be opened for rentals. It will be an opportune time for weddings, family reunions, corporate, church and/or group getaways. Interested Members will receive discounted rates. This can also add unrealized income.

Assignment of weeks – Any Member who has not paid or made their reservation will automatically have their week assigned on October 7, 2013, in accordance with the Club's constitution, which actually states an assignment date of October 1st, however because of the early AGM this year, a grace period is being allowed. Any person who has not made a reservation as yet should contact the Club as soon as possible.

Physical Property: The noted improvements to the property include:-

Long-awaited drapes are installed, though some still need adjusting;

Patio furniture for the Villas have been replaced;

New RFID locks have been installed in the Villas;

New safes have been installed – both the locks and the safes will have audit trails recording the last 1000 entries, in the unlikely event of a security breach.

The keys for the new locks will also serve as your access control to the Front Gate, the Beach Gate and the Side Gate near the Mini Mart. In the near future, they will also integrate with the new Point-of-Sale systems at the Pool Bar and the Mini Mart. A Member or a guest will have to

present a key prior to making a charge. This will ensure accurate and appropriate billings to the correct Villa.

New quality flatware (grade 18/10 nickel/chromium stainless steel alloy mix) – serving sets of 12 instead of 6 - were also installed in the Villas today.

New non-skid surface coatings for Ocean Deck, Sundeck and accompanying stairs were applied. They now make for a safer environment and has allowed for the Club's liability insurance premium to remain the same.

A generator was installed for the Welcome Center and Mini Mart. When there is a power outage, the Front Desk, Mini Mart and Administrative offices can still function. Also, Wi-Fi and telephones will remain operational.

During the shut-down, all Villas were hard-wired with CAT-5 cables for internet purposes. In 2015, this will allow for expansion to the Wi-Fi service with routers to all Villas, and improve the internet service.

Some of the pathways were widened, steps removed and replaced with access ramps, making the Club more user-friendly.

Conclusion: The Club was the recipient of TripAdvisor's Certificate of Excellence Award for 2014. This is the single biggest achievement the Club has probably ever achieved. Members are to be congratulated for their contributions and support.

The achievements of the Club are made possible because of the great team that PIBC has. They are all deserving of an award. Recognition is now given to a few of them who went above and beyond in their duties, aiding in the Club's success. These are:-

Martha Smith for her success in Sales;

Sherrell Brown, Head Chef, for her hard work and dedication and the improvement in the quality of food at the Club;

Johnny Etienne, assistant to the Head Chef, whose presence is hardly noticed, but his long term service and dedication are unquestionable;

Jean Dorcy for his improvements in his handyman skills, and especially for his respectful, positive attitude and, more importantly, for his service on our beautiful beach. Jean has saved over 16 lives with his lifeguard skills.

Management Committee has given me the opportunity to continue to serve as your General Manager by renewing my contract, for which I am truly grateful.

Financial Overview:

Mike Patoka reported as follows:-

The Management Committee is extremely proud and happy to present the audit of the Club's financial accounts conducted by Beneby & Company. The 2013 Audit was performed in an extremely professional manner and is an accurate representation of the Club's position as of December 31, 2013. Members will be able to view the report on the Club's website within the next two weeks.

Points noted from the audit report are:-

Cash on hand as of October 31, 2014, compares favorably, with a slight decrease of 0.5% from

October 31, 2013.

Fees collected in 2014 for 2015 maintenance have increased by approximately \$70,000, or 3.3%, over 2014 fees collected for the period ended October 31, 2013. This will be a great help to the Club as we move forward to meet the financial obligations and continue with the budgeted Club improvements.

Defaulted weeks, as of December 31, 2013, stood at 202. With defaults approved by the Committee this week, we now stand at 288. This has been factored into the 2015 budget. The Club's aggressive rental and sales program will bring the defaulted weeks down and the income up. At this point, we see no future defaults of any concern and anticipate a flat 2015 in this area.

Receivables were reduced significantly due to the defaults and we are confident of collecting what is still outstanding.

Payables of \$92,224 includes the last payment due for drapes (\$35,000). This is a little less than payables due last year this time.

Both long and short-term liabilities have decreased by 8.2% from October 31, 2013.

Assets remain stable at \$2,599,899.

The Committee is putting the final touches on the 2015 Income & Expense Budget. We expect to have this finalized in the next few days and will post it on the website as quickly as possible. At this point, we anticipate no increase to basic yearly maintenance fees.

The Management Committee is quite pleased with the Club's financial position. It is commendable that the Club is financially sound as we head into 2015.

2014 Elections:

Mr. Sieck acknowledged and thanked the Members who have served on the Management Committee for their hard work and continued support. He noted that there were 7 candidates for one Owner post. The final votes resulted in the re-appointment of Dave Rice as Owner/Member, for another 2 years.

Mr. Sieck thanked Members for voting.

Unfinished Business from 2013: None known.

New Business:

Questions/comments from Members and answers by the Management Committee Members:
Barry Bailey – Would the Club consider leasing out the bar area? He referred to a similar set-up in Pompano, Florida, which contributed to the income. Whether social membership would be required could also be considered. Mr. Martens advised that there would be a question of security and that something similar was discussed but not agreed.

Linda Bivens – Can the Club consider the idea of a shuttle for Paradise Island be considered

because of the walking distance? It will make the resort more user friendly and would be an asset not only to members but also assist in increasing rentals. Ans: *This will be investigated.*

Jack Nichols -Note that the rental income is double what it was last year. Can there be an aggressive rental program to address defaulted weeks? Ans: *Management is looking into all options*

Maureen McKeever – Suggests a change in bedspreads like those in Unit 39 or 41 (Model) and believes the Units should be more boutique-like. *Management advised that duvets have been considered, but the Club would require a laundry system to maintain them. Funding would be required, and consideration may be given once Scott Sieck’s proposal for energy savings is accepted. Assurance given that Management is looking to upgrade the Units because if a renter comes in and are pleased with the Units, they will undoubtedly return or even consider purchasing. Suggestion by Maureen for Management to consider foot-warmers.*

Linda Stamer – Was there more participation in the voting this year? *It was confirmed that the votes were about the same as last year. Management will check into the ability to vote online. Suggestions also made for candidate profiles and photos to be posted. It is proposed that next year the nominations for candidates will be requested earlier in the year to give more time for persons to campaign. Possibly, election process could start in July with candidates’ biographies and photos being posted. Query made whether a “Meet the Candidate” event could be hosted in the U.S.?*

Jack Nichols – What are the occupancy rates currently? *Management confirmed that this is the busiest year for the Club for a while, noting that there was a slow period during the first 2 weeks in January and the first 2 weeks in May. In August, the Club was completely full; in September, occupancy was 75% during the first week and 60% in the second week. In October, occupancy was 75% and in November occupancy was 95%. The Club is doing well as far as occupancy is concerned. Management continues to promote the rental program, and address the defaulted weeks until they are sold.*

Adjournment:

Motion to adjourn the Meeting

1st – Carol Patoka;

2nd – Linda Stamer;

Unanimous vote.

The 2014 Annual General Meeting of the Members of the Paradise Island Beach Club was adjourned at 4:45 p.m.

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