



OCEAN CLUB NEWSLETTER

April 2010

Annual Meeting: Our 2010 Ocean Club annual meeting was relatively well attended with 34 villas present in person and 39 by proxy. Buddy Derrick introduced the board and welcomed everyone to the meeting. Carl Harper reported on financials. Kevin Dolan reported on insurance for the coming year. Jim O'Dare gave a state of the beach report and Randy Smoak reported on Wild Dunes Community Association issues. Buddy Derrick introduced Gary Moore and "BG" Flanders from Structural Preservation Systems who will be making roof repairs and working on 2 stacks of windows to do a trial repair for the leaking windows. Buddy answered questions regarding the coming work. Beth Colley reported on maintenance issues, landscaping, security and communication. Minutes from the meeting will be mailed out soon.

Erosion: The section of the beach at Ocean Club and along the 18th fairway and hole of the golf course is what is termed a "hot spot". We have suffered some erosion since the nourishment project but seem to be holding our own lately. There are several actions in place to help retain the beach. We applied for and received a permit to bring in outsourced sand to add to our beachfront along the dune we created earlier and along and under our ramp and steps to the beach. The golf course has been doing the same. We are adding sand fencing where allowed. In addition, the City of IOP has retained Dr. Tim Kana to obtain the necessary permits to scrape sand from the attached shoal to the south of us and add it to our area. The permitting process for the scrape is projected to be 1.5 to 2 years in achieving- November 2011 at the earliest. This is the recommended process because it addresses the underlying cause of erosion and accelerates the cycle of shoal bypassing which fundamentally adds new sand to the beach. He has already reported that they can recognize some lateral spreading of the attached shoal, which is a good sign, although it may not be enough to reverse the localized erosion in our area without the scraping.

Financials: We have received our annual audit and it was so clean that the auditors did not recommend any entry changes whatsoever. The first quarter of this year has been very positive. Income was \$293 better than budgeted and expenses were \$28,982 less than budgeted, yielding a better than budget net result of \$29,275. Utilities were \$14,413 less than budgeted and security expense was \$5,333 under budget. We believe the changes and improvements made to the main water lines and spa have resulted in significant savings in water and propane expenses. Income in excess of expenditures for the three months was

\$20,343. The equity balance in the Capital Reserve Fund I balance stands at \$749,067 and the Capital Reserve Fund II balance is \$15,600,354.

Building repairs: Work on the roof has been ongoing for most of the month. We contracted to have reinforcements placed over all of the standing seams in an attempt to prevent lifting of the roof during severe weather with extremely high winds. At the same time we are having silicone sealing applied to flashings at chimneys, skylights and roof ends as well as throughout the gutter system. Another contract has been let for the flat roofs and that work should begin immediately. The materials are already on site.

We have engaged Structural Preservation Systems to remove, make installation repairs and correctly re-install the windows in a complete stack of units in each building. Our plan is to test the project on site for leaks, and after going through a full storm season of testing by nature and finding the work satisfactory, then have design and specifications for all windows and doors in the rest of the building developed and put out to bid. All went well until after granting a building permit for the work, the officials at the City of IOP stopped our project manager and required that we comply with some rather complicated provisions that had been issued in a letter from the City during the depositions during our trial. That caused a delay while we tried to get the details of what was required and then get the materials together. The Permit was issued (again) on April 26th and work resumed the next day. It will go slowly at first, but we hope to get the job completed as quickly as possible.

We have received the report from Whitlock Dalrymple Poston & Associates covering its inspection of our concrete along with their recommendations. The Board will be studying them in the coming weeks. This is a lengthy and complicated report and it will take some time and advice to digest it all. We will report to the membership once we have come to a conclusion about how we will next proceed.

Insurance: The Board has put tremendous effort into controlling our insurance costs this year. While there were a number of things that could be changed to lower our overall premium, we found that the major cause of the increases in our premiums these past years was the flood rating for Building One and the resulting high premium for the FEMA base flood insurance. We had been unsuccessful in previous years in our appeal for relief from the re-zoning done in 2005. However, our agent through its flood insurance manager was finally able to get our zoning changed with the result that our premium is reduced for the renewal and we also got a refund for last year, as well. This was a long and convoluted process and required a great deal of time and effort on everyone's part. Those savings along with other savings in other parts of our coverage resulted in a total premium for this year of \$451,308.50 (\$4,429.59 per unit) down from \$926,160.00 (\$9,080.00 per unit) last year. Each owner was billed \$5,000 for insurance this year. Adams Properties will be mailing each owner a refund check in the amount of \$575.41 in the next 2 weeks. Some of the reduction in premium stems from the one time refund of flood insurance (\$165,740.00) which won't be the case next year. But it's nice to have the premium halved for this year, at least.

Beach Access: Randy Smoak has reported for the Community Association that they have put together an agreement with Port O' Call to allow them to add another beach access path between their property and Seascape. Some parking already exists that will be used for several golf cart spaces. Hopefully this will answer the request from property owners on the back of the island for another access path closer to them.

Signage: Signage throughout our property has been updated and renewed using specifications for style and color that we intend to continue to use whenever a sign needs to be replaced or should we ever need additional signs. We hope you like this latest improvement.

Spring cleaning: Every effort is being made to spruce up our property and get it ready for the time of heaviest usage. Many of the trees have been "thinned" to improve air circulation for their health and to prevent damage in high winds, as well. The floors in the ground level of the stairwells and in the trash chute rooms have been painted. We have a large property: two buildings with 102 units, large spacious grounds as well as a pool area with spa. There is always a lot to be done with basic cleaning and routine maintenance, but we hope to continue to make improvements as we go along, as well.

Don't forget to visit the new website for Adams Properties at www.adamsprops.com. Ocean Club has its own web page with great pictures! You can pay your regime fee online by credit card or download the form for automatic draft. It is very user friendly!

OCHPR Operating Account
Balance Sheet
As of March 31, 2010

	<u>Mar 31, 10</u>
ASSETS	
Current Assets	
Checking/Savings	
HB Ocean Club Operating	53,544.36
Over Collections-Insurance	19,511.71
HB Ocean Club Operating - Other	<u>19,511.71</u>
Total HB Ocean Club Operating	<u>73,056.07</u>
Total Checking/Savings	73,056.07
Accounts Receivable	
Accounts Receivable	4,400.00
Total Accounts Receivable	<u>4,400.00</u>
Other Current Assets	
Insurance Due	26,547.54
Undeposited Funds	235.00
Total Other Current Assets	<u>26,782.54</u>
Total Current Assets	104,238.61
Fixed Assets	
Land	1,000,000.00
Total Fixed Assets	<u>1,000,000.00</u>
Other Assets	
Income Tax Receivable	2,120.00
Total Other Assets	<u>2,120.00</u>
TOTAL ASSETS	<u><u>1,106,358.61</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	9,464.02
Total Accounts Payable	<u>9,464.02</u>
Other Current Liabilities	
Accrued Maintenance- Ins Claim	1,206.52
Due to Co-Owners for Insurance	53,544.36
unapplied assesment payment	44,800.00
Total Other Current Liabilities	<u>99,550.88</u>
Total Current Liabilities	<u>109,014.90</u>
Total Liabilities	109,014.90
Equity	
Unrestricted Net Assets	977,000.73
Net Income	20,342.98
Total Equity	<u>997,343.71</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,106,358.61</u></u>

**OCHPR Operating Account
Profit & Loss Budget Performance
March 2010**

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Accrual Basis

	Mar 10	Budget	\$ Over Budget	Jan - Mar 10	YTD Budget	\$ Over Budget	Annual Budget
Ordinary Income/Expense							
Income							
Credit Card Convenience Fee	27.00			33.00			200.00
Dumpster Deposit Fee	0.00			0.00		-200.00	300.00
Golf Cart Passes	0.00			1,000.00			
Insurance Assessment Late Fee	1,000.00			0.00			
Insurance Income	0.00			0.00			
Late Fees	400.00	350.00	50.00	1,100.00	1,050.00	50.00	4,200.00
Parking Pass Income	10.00	100.00	-90.00	10.00	300.00	-290.00	1,200.00
Regime Fee Income	66,300.00	66,300.00	0.00	198,900.00	198,900.00	0.00	795,600.00
Total Income	67,737.00	66,750.00	987.00	201,043.00	200,750.00	293.00	801,500.00
Expense							
Annual Meeting	3,719.48	6,000.00	-2,280.52	3,719.48	6,000.00	-2,280.52	6,000.00
Audit Expense	3,296.20	3,500.00	-203.80	6,655.70	7,000.00	-344.30	7,000.00
Bank Service Charges	501.02			501.02	50.00	451.02	50.00
Contingency	480.82	125.00	355.82	480.82	375.00	105.82	1,500.00
Elevator Contract	1,250.00	1,350.00	-100.00	3,750.00	4,050.00	-300.00	16,200.00
Fire Pump Maintenance	0.00	200.00	-200.00	262.50	600.00	-337.50	2,400.00
Janitorial Contract	4,763.00	5,160.00	-397.00	16,670.58	15,480.00	1,190.58	61,920.00
Landscape Contract	2,610.00	2,635.00	-25.00	7,830.00	7,905.00	-75.00	31,620.00
Legal Expense	0.00	500.00	-500.00	360.00	1,500.00	-1,140.00	6,000.00
Licenses and Permits	0.00			325.00	500.00	-175.00	500.00
Maintenance	12,385.18	11,000.00	1,385.18	32,768.39	33,000.00	-231.61	132,000.00
Management Fees	3,462.00	3,534.00	-72.00	10,602.00	10,602.00	0.00	42,408.00
Miscellaneous	200.38	333.33	-132.95	943.98	999.99	-56.01	3,840.00
Owners Social	0.00			0.00	1,500.00	-1,500.00	1,500.00
Pest Control Contract	1,621.00	1,621.00	0.00	3,242.00	3,242.00	0.00	9,725.00
Pool Contract	225.00	250.00	-25.00	675.00	750.00	-75.00	3,000.00
Spa Contract	1,100.00	1,100.00	0.00	3,300.00	3,300.00	0.00	13,200.00
Pool Contract - Other							
Total Pool Contract	1,325.00	1,350.00	-25.00	3,975.00	4,050.00	-75.00	16,200.00
Pool Furnishings	1,637.00	300.00	1,337.00	1,637.00	300.00	1,337.00	300.00
Pool Monitor	0.00			0.00			5,000.00
Postage and Delivery	67.21	100.00	-32.79	121.40	600.00	-478.60	1,500.00
Security	6,322.59	7,500.00	-1,177.41	17,166.69	22,500.00	-5,333.31	90,000.00
Supplies							
Landscape Supplies	2,933.72	2,300.00	633.72	3,270.46	6,900.00	-3,629.54	27,600.00
Office	186.71	225.00	-38.29	843.60	675.00	168.60	2,700.00
Pool Supplies	2,800.00	125.00	2,675.00	2,800.00	375.00	2,425.00	1,500.00
Spa Supplies	0.00	50.00	-50.00	0.00	150.00	-150.00	600.00
Total Supplies	5,920.43	2,700.00	3,220.43	6,914.06	8,100.00	-1,185.94	32,400.00
Taxes							
State	0.00			0.00	25.00	-25.00	25.00
Total Taxes	0.00	0.00	0.00	0.00	25.00	-25.00	25.00
Telephone	775.12	575.00	200.12	1,821.21	1,725.00	96.21	6,900.00
Termite Bond	0.00			1,416.00	1,500.00	-84.00	1,500.00

OCHPR Operating Account
Profit & Loss Budget Performance
 March 2010

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 Accrual Basis

	Mar 10	Budget	\$ Over Budget	Jan - Mar 10	YTD Budget	\$ Over Budget	Annual Budget
Utilities							
Gas and Electric	3,481.80	3,750.00	-268.20	11,023.07	11,250.00	-226.93	45,000.00
Pool Propane Gas	759.07	900.00	-140.93	1,312.83	2,700.00	-1,387.17	10,800.00
Water	5,529.02	10,000.00	-4,470.98	17,201.29	30,000.00	-12,798.71	130,000.00
Total Utilities	9,769.89	14,650.00	-4,880.11	29,537.19	43,950.00	-14,412.81	185,800.00
Total Expense	60,106.32	63,133.33	-3,027.01	150,700.02	175,553.99	-24,853.97	662,289.00
Net Ordinary Income	7,630.68	3,616.67	4,014.01	50,342.98	25,196.01	25,146.97	139,211.00
Other Income/Expense							
Other Expense	10,000.00	10,000.00	0.00	30,000.00	30,000.00	0.00	120,000.00
Capital Reserve	0.00	1,375.92	-1,375.92	0.00	4,127.76	-4,127.76	16,511.00
Provision to Cover 2009 Deficit	10,000.00	11,375.92	-1,375.92	30,000.00	34,127.76	-4,127.76	136,511.00
Total Other Expense	-10,000.00	-11,375.92	1,375.92	-30,000.00	-34,127.76	4,127.76	-136,511.00
Net Other Income	-2,369.32	-7,759.25	5,389.93	20,342.98	-8,931.75	29,274.73	2,700.00

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Accrual Basis

Ocean Club Capital Reserve I
Balance Sheet
As of March 31, 2010

	<u>Mar 31, 10</u>
ASSETS	
Current Assets	
Checking/Savings	
OC Harbor Bank Capital Reserve	37,291.70
Total Checking/Savings	<u>37,291.70</u>
Total Current Assets	37,291.70
Other Assets	
Accrued Interest Receivable	3,371.11
Morgan Stanley	
Cash and Cash Equivalent	54,434.73
Certificates of Deposit	650,000.00
Unrealized Gain on CD's	3,969.50
Total Morgan Stanley	<u>708,404.23</u>
Total Other Assets	<u>711,775.34</u>
TOTAL ASSETS	<u><u>749,067.04</u></u>
LIABILITIES & EQUITY	
Equity	
Opening Balance Equity	731,045.71
Net Income	18,021.33
Total Equity	<u>749,067.04</u>
TOTAL LIABILITIES & EQUITY	<u><u>749,067.04</u></u>

Ocean Club Capital Reserve I
Profit & Loss YTD Comparison
 March 2010

	<u>Mar 10</u>	<u>Jan - Mar 10</u>
Ordinary Income/Expense		
Income		
Income-Unrealized Gain on CD's	-1,296.50	-1,794.75
Interest Adjustment MS	41.07	41.07
Interest Income	1,710.74	5,216.73
Other Income		
Capital Reserve	10,000.00	30,000.00
Total Other Income	<u>10,000.00</u>	<u>30,000.00</u>
Total Income	10,455.31	33,463.05
Expense		
Bank Fee	-150.00	-11.86
Capital Reserve Maintenance		
Lower Spa	0.00	2,945.00
Sand Dunes	0.00	4,365.00
Signs	0.00	6,000.00
Tree Work	1,900.00	1,900.00
Total Capital Reserve Maintenance	<u>1,900.00</u>	<u>15,210.00</u>
Income Taxes	0.00	0.00
Insurance Expense	0.00	314.30
Total Expense	<u>1,750.00</u>	<u>15,512.44</u>
Net Ordinary Income	8,705.31	17,950.61
Other Income/Expense		
Other Income		
Income- Misc.	0.00	70.72
Total Other Income	<u>0.00</u>	<u>70.72</u>
Net Other Income	0.00	70.72
Net Income	<u><u>8,705.31</u></u>	<u><u>18,021.33</u></u>

Ocean Club Capital Reserve II
Balance Sheet
As of March 31, 2010

	<u>Mar 31, 10</u>
ASSETS	
Current Assets	
Other Current Assets	
Accounts Receivable fr Lawsuit	122,994.36
Total Other Current Assets	<u>122,994.36</u>
Total Current Assets	122,994.36
Other Assets	
Accrued Interest Receivable	45,891.81
Morgan Stanley	
Bonds	995,558.18
Cash and Cash Equivalent	724,512.05
Certificates of Deposit	13,048,744.09
Corporate Bonds	518,808.84
Unrealized Gain on Bonds	1,569.82
Unrealized Gain on CD's	137,023.61
Unrealized Gain on Corp Bonds	5,251.16
Total Morgan Stanley	<u>15,431,467.75</u>
Total Other Assets	<u>15,477,359.56</u>
TOTAL ASSETS	<u><u>15,600,353.92</u></u>
LIABILITIES & EQUITY	
Equity	
Opening Balance Equity	15,427,398.66
Net Income	172,955.26
Total Equity	<u>15,600,353.92</u>
TOTAL LIABILITIES & EQUITY	<u><u>15,600,353.92</u></u>

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Accrual Basis

Ocean Club Capital Reserve II
Profit & Loss YTD Comparison
March 2010

	<u>Mar 10</u>	<u>Jan - Mar 10</u>
Ordinary Income/Expense		
Income		
Inc-Unreal. gain on Corp Bonds	-1,033.33	4,984.66
Income-Unrealized Gain on Bonds	-5,161.90	7,679.90
Income -Unrealized Gain on CD's	2,575.85	138,178.55
Interest Income	30,190.27	85,507.64
Total Income	<u>26,570.89</u>	<u>236,350.75</u>
Expense		
Income Taxes	0.00	0.00
Interest Adj Morgan Stanley	178.95	178.95
Lawsuit Repairs		
Concrete Repairs	52,179.48	52,179.48
Lawsuit Repairs - Other	8,645.84	8,645.84
Total Lawsuit Repairs	<u>60,825.32</u>	<u>60,825.32</u>
Misc Expense Morgan Stanley	1.00	2.00
Window Replacement	0.00	2,389.22
Total Expense	<u>61,005.27</u>	<u>63,395.49</u>
Net Ordinary Income	<u>-34,434.38</u>	<u>172,955.26</u>
Net Income	<u><u>-34,434.38</u></u>	<u><u>172,955.26</u></u>