



THE SHORE CLUB
TURKS AND CAICOS

**Annual General Meeting
The Proprietors Strata Plan #125**

**May 3, 2019, 8:00am
The Great Hall
The Shore Club**

In Attendance:

Board Members:

Charles Dickson

Stan Hartling

Steve McMurray

Mitch Zajac

Absent:

Christian DeGrace

Management:

Pierre Beswick, VP of Resort Assets
Joan Hagan, Director of Owner Relations
Frits Hannenberg, General Manager
Tracy McKenzie, Group Financial Controller
Mark Nielsen, Shore Club Financial Controller
Patrick Van Hamme, Chief Financial Officer

Unit Owners:

Karen Fix
Ann Goeden
David and Suzi Pendergast
Tim and Jan McConville
Brenda McMurray
Larry and Judy Olson
Kelli O'Shaunessey
Siran Sahakian
Jim Stanton
Gary Usling
Joe Zahm
Wanda Zajac

Stan Hartling (SH) welcomed everyone and asked that since there were some new faces, for everyone to introduce themselves.

He then began explaining the "3 Buckets" – the different areas of the resort: Strata Areas, Management Company Assets, and Individual Owners.

SH further explained that the Villas, 4 of which are fully on line since Festive 2018, are treated like a complete different entity or Club and cost share in the common area

expenses related to areas such as the Tennis Court, Gym, Pools, Security and Landscaping. They will be evaluating the contributions and will adjust if necessary.

Pierre Beswick (PB) interjected that the new Beach Enclave Villas have agreed to cost share the maintenance of the main road leading down from the highway at 25%.

SH then began the official start of the Strata Meeting and asked Joan Hagan (JH) if we had established a quorum which is needed in order to hold the Strata Meeting. She explained that we have 38 condo unit owners and we need 50% (19) of the owners either present or via proxy in order to conduct the meeting, which we did.

Review of the 2018 Strata Financial Statements:

Income Statement Variance:

The Income from Cable increase is due to the Villa Contributions and the Power and Water Income is as a result of the markup that is applied to offset the "line-loss".

A&G Security variance is as a result of the 4 Villas coming on line and also a contribution from Construction for security for the remaining 2 villas as they have their own security while under construction.

The positive variance in Landscaping is due to the fact that Aaron Santos, the former Manager, left the island and the role was not filled until recently.

The positive variance in the STP is due to the most up to date system that we are using.

The variance for the gym is that the costs were much less than budgeted as the position of Fitness Instructor was not yet filled.

Mark Nielsen (MN) further explained that the A&G Employee Relations expense is for Employee Awards ceremonies, etc. The positive variance is as a result of combining the Holiday Party with the Palms, which helped reduced the cost to the Shore Club.

The negative variance in Utilities is due to the fuel factor increase applied by Fortis, Inc as well as a significant increase in occupancy over last year.

Pool and Beach Payroll negative variance is due to the major seaweed issue that we had last year.

Maintenance Work Permits was over budget due to the number of additional expatriate employees that were needed.

PB stated that the Maintenance A/C Related variance would be for thermostats, a/c handlers etc and nothing to do with the air conditioning systems in the individual units.

CAPEX 2018:

PB explained that the Pathway Surface Repairs were completed as there was pitting occurring in the pathway stone.

Charles Dickson (CD) stated that since this will be an ongoing occurrence and repair, it should be moved to the general Strata Budget and not be included in the CAPEX Reserve Budget. PB confirmed this.

Pool and Beach Furniture – this was for additional chaise loungers that were needed on the beach as well as the furniture restoration due to sand and oils.

Gym Equipment – A 4th treadmill was purchased as well as a spin bike as it was widely requested by our guests.

Additionally CD stated that the Termite Treatment expense should be moved to the general Strata Budget as again, this is an ongoing operating expense to the Strata Corp. PB noted that the Capex in 2018 for the termite treatment was for the initial installation of the traps, and the ongoing service will be operating.

Major CAPEX:

Joe Zahm (JZ) asked if there were any “hangover” items from the hurricane which there have not been with the exception of mold in some areas which the team has been mitigating on an ongoing basis. SH further stated that there was some premature wear on items such as the electrical circuit boards for items like fire systems , elevators and the pool heater motherboards.

Reserve Fund:

The balance of the Reserve Fund at the end of 2018 was approximately \$4700.

David Pendergast (DP) requested that at the next AGM, the following year’s budget is to be included since it would have been approved at the previous Board Meeting held in December. All agreed.

It was also asked if there was a 5 year plan for Capital items to which, SH explained that a long term capital reserve study has not yet been commissioned as the property is just in its first years of completion but that the intention is to commission one in the upcoming year now that a QS firm can see all the constructed areas.

Balance Sheet:

MN explained the Balance Sheet as of December 2018 and asked if there were any questions, to which there were none.

Water Sport Safety:

There is a major concern from the owners and management with the various different companies for watersport activities in the beach/water area. PB has met with the various Jet Ski companies and a proper solution needs to be met. The Pool and Beach staff as well as various managers cannot be there all the time to monitor activity and prevent kite boarders and Jet Ski vendors from going in to the swim area. Buoys were put in the water, but the lines were cut.

A motion was made to commission an independent professional to submit a concise report to the Planning Department for their assistance in rectifying the situation. This report would highlight the risk to guests as well as a proposed mitigation plan including the cost to do so. MZ seconded the motion. A show of hands was requested and unanimously approved.

A motion was made to also obtain permission to install a formal swim zone. SM seconded the motion. A show of hands was requested and unanimously approved.

PB further added that the resort will be adding an additional security person on the beach until the safety issue is resolved.

Seaweed Mitigation:

SH explained the seaweed issue of last year and stated that while our issue is severe, there are many other islands in the Caribbean that are much worse. There is an enhancement of the "Boom" System that was purchased last year which should help in reducing the amount of seaweed on the beach and in the water.

It was highlighted that there will be a need to invest into the beach raking equipment and major refurbishment to the tractor unit this year. This is an ongoing discussion with the board and the management company has agreed to cost share the capital expense required given the importance of being able to manage the seaweed issue which has shown last year that it can dramatically affect the bookings for the property.

Any New Business:

Insurance Increase:

SH explained that the 2019 increase in the Property & Liability Insurance cost was more than they had expected. The policy negotiations started in the late fall of 2018 up until on January 4th – 3 weeks before the renewal date, Patrick Van Hamme (PVH) received notice that some of the carriers did not want to even bid as they couldn't come near what was expected. The cost last year was \$0.7 per \$100.00 coverage and this year it is \$0.9 per valued coverage.

SH further explained that the Hartling Group only will accept bids from AAA rated firms such as Lloyds of London, etc.

One of the reasons for the significant increase for the Shore Club is that we received a discount for 2018 as the resort was brand new but they have since removed that discount. SH stated that many years ago, the cost was \$1.10 and at its lowest, was \$.50, before we experienced a major hurricane; and was \$0.7 last year, and is \$0.9 now.

Cabana Usage/Availability:

Frits Hannenberg (FH) stated that the rental fee for the Pool Cabanas is \$195 "minimum spend". For example, if a guest reserves one and they only spend \$95, then the fee to the guest is \$100.

The Garden Cabanas are not rented for a fee and are only on "first come, first served" basis. FH will be reinforcing this policy with the staff to make sure all are in compliance. He will also be reinforcing the policy that guests' belongings will be removed after 30 minutes if they are not in the vicinity.

Water Cooler Stations:

SH stated that they are working to create and install water coolers around the property, especially on the beach, where guests can fill up their water containers, thus reducing the need for disposable water bottles.

Board Elections:

It was explained that since the first AGM was held in May 2018 and the current Strata Board has served one year, the next re-election/election will be held at the AGM in 2020 where two of the current Strata Board members will run for re-election and inviting other owners to participate. In 2021, the remaining original 3 Strata Board members will run

for re-election. SH asked if there was any objection or questions to the elections being held in this manner and there were none so a majority vote noted. SH was the original Acting Chairperson and has asked CD if he would assume that role and CD confirmed that he would do so for one year.

DP thanked all the Board members for their participation.

SH asked for a motion to adjourn the 2019 Strata Corp #125 Annual General to which SM seconded. A show of hands was requested and unanimously approved.

At 11:15am, the #125 2019 Annual General Meeting was officially adjourned.