



The Proprietors of STRATA Plan No 25

The Sands (Strata Association) Board Meeting
January 7, 2004 at 4:10PM in the Hospitality Lounge

Board Members present:

Mr. Stan Hartling – Chairman
Mr. Richard Long Fax: 207-444-6403
Ms. Catherine Caldwell
Mrs. Elizabeth Flamant

Board Member absent with excuse:

Mr. Miles Hamm 303-447-9346

Oceanside Marketing Ltd present:

Mr. William Anderson – Managing Director
Mr. Christoph Warnke – Chief Financial Officer
Mrs. Rolanda Robinson – Recording Secretary

The board meeting commenced on Wednesday January 7, 2004 at 4:10 P.M. in the Hospitality Lounge at The Sands Resort at Grace Bay.

Welcome and Greeting by the Chairman:

Mr. Hartling opened the meeting, welcomed and greeted everyone and introduced Mr. Anderson, the new Managing Director.

Review and approve the minutes of the board meeting of June 26, 2003:

Mr. Long makes the motion to approve the minutes of the board meeting of June 26, 2003 with Ms. Caldwell seconded the motion.

Matters arising from the minutes:

Ms. Caldwell asked what's the status on the cutting down of the work orders because of the numerous issues that could arrive from having a one time annual charge to cover all work orders less than \$50. It was agreed to not proceed with this idea. It was suggested to consider in the budget for next year 2005, a one-time charge to Strata for straight forward recurring items such as batteries, lights, etc.

Mr. Long asked what's the ballpark charge for A/C maintenance, fire extinguishers and the changing of light bulbs? Mr. Warnke will send out a spreadsheet to the board by correspondence in 2 weeks, which

shows these figures for 2005. It was suggested by Stan that we put a sign off sheet at the A/C in each unit so everyone can see when and what's being done. There were no other matters arising from the old minutes 6/26/03.

Review of un-audited financials as of November 2003:

Mr. Warnke explained the financial statements as per November 2003. Out of the \$53,306.86 of the revenue maintenance income, \$3000 was reimbursed from the Insurance Company. On the expense side the cost for the new rescue boat motor was expensed over a period of four months. Mainly we are overstated in areas where repair and maintenance is involved, like swimming pool (new surface), treatment plant, painting, etc. The new company who does the garbage collection is going much better, price is only slightly more and maybe over-budget \$25 per month. The garbage door was discussed and was decided that we will paint the door for now. Mr. Warnke pointed out that it is our goal to reach our budgeted reserve this fiscal year.

Operations and Marketing Overview:

Mr. Anderson discussed the operations and marketing. He mentioned that we will be doing a lot more in Europe and will change rates to three seasons i.e. **high season, shoulder season and low season**. Esther Cohen will continue to be the representative for the New Jersey Officer and we will get a representative in California. We want to go after Weddings and Honeymoon package and we will redo the brochure.

Mr. Anderson gave an introduction of himself and his experience in the industry. His goal is to increase quality in various areas including the beach area.

Mr. Anderson mentioned that David Hairston handed in his resignation therefore we are looking for a Resident Manager. David was wished all the best.

Any New Business:

Security Issues: Mr. Warnke mentioned that we do not have any documentation of what security is doing over-night and that there was a break-in during Christmas. An Electronic Control System was discussed and the obtaining of a expanded proposal from The Security Center. To implement the Electronic System would cost \$1,500. It was agreed that we will accept The Security Company proposal and do the electronic system. Mr. Warnke will get the final proposal and submit to the board for review. Johnny Steplin should extend the lighting on the property for longer period.

Insurance Issues: We have negotiated the new property Liability Insurance coverage for the year 2004. We were in touch with other Insurance brokers in USA, London and a company in Paris. After years of steady increases we want to make sure to get the optimal coverage at the lowest price for us. At the same time we cross-examined our policy so that we are correctly covered and we came to the conclusion that we had to increase our sum insured of our schedule of buildings by 5%, which is now at \$19,000,000. Even with the increased coverage, the final premium was decreased by 3.6% in comparison to last year will be paid in three installments. The owners will be charged for insurance in January 2004.

Mr. Warnke explained the content insurance. Every owner has a different time when the contents are insured. It was agreed that we should specify a certain date of the year and all content Insurance policies will be renewed annually on this date to reduce the Administrations problems with multiple renewal dates. Mr. Warnke was thanked for his extended effort in working on the insurance for a better rate.

Strata Lot Management Fee beginning January 2004: There are some items that are not in the compliance with the Strata Management Agreement of December 19th, 1998. It was agreed we should revert back to the contract. It was agreed that there would be an accounting change; there will be a Strata Lot Management Fee beginning of January 2004 as per paragraph 10 (a) of the contract. Motioned by Mr.

Hartling seconded by Mr. Long, approved by the board. This accounting change will not create any additional net costs to the owners as it be simply replaced by the standard in utility fee based procedure used by many Resorts in lieu of Strata Lot fees.

Change of Utility-Handling beginning of 2004: At the same time the Strata Association beginning January 2004 will handle all utility bills and surpluses from a standard administration fee will be credited to Strata Corporation. Mr. Warnke brought to the table that he will ask the utility company for letter of credit vs. \$10,000 cash but if they will not agreed to do this then the deposit must be credited back to Oceanside Marketing over time. Motioned by Mr. Long seconded by Ms. Caldwell, approved by the board.

Presentation of a draft for the fiscal year July 2004 to June 2005: Mr. Warnke explained the Strata budget for the fiscal year starting July 2004 to June 2005. The assessment income had to be increased by 5% to cover all projected additional maintenance expenses and to fulfill the projected annual increase of reserves of at least \$80,000.

Other increased expenses were:

- New Equipment for Fitness Center
- Security/Risk Management
- Management fees are now in the amount of the contact as per Par 10 a (after 3 years of voluntary reductions fees since Sept 11 event)

Motioned by Ms. Caldwell and seconded by Mr. Long and the budget 2004/05 was unanimously approved.

New Gym Equipment: Mr. Warnke said that the Fitness Center equipment is getting old and we would need to purchase new equipment and using the old equipment for spare parts additional costs \$6,000 - \$8,000 budgeted. Mr. Hartling mentioned that we need at least a treadmill for and suggested that we should purchase New Cycles as well. Motioned by Mr. Hartling, seconded by Mr. Long, approved by the board.

Other news and recommendations:

The third hobie cat had been bought and is in operations.

Mr. Long said the swimming pool this year looks very good to compare with last year.

Mr. Warnke said that we did training this year and many of the comments from the guests were that the staff is very friendly.

Mr. Hartling complimented Rosheeda for doing a tremendous job in organizing events e.g. the Staff Christmas Party -was a huge success.

Mr. Warnke mentioned that we also did improvement in the Convenience store. The Board members agreed to the improvement of the Convenience Store.

Date of the next Board Meeting:

The date for the next board meeting will be on June 23rd, 2004 in the Hospitality Lounge of The Sands Resort at Grace Bay.

There was no other business to be discussed; Mr. Hartling thanked everyone and the meeting was adjourned at 6:55pm.