

**Strata #25 Annual Board Meeting  
Thursday, December 11, 2008  
The Sands at Grace Bay**

The Annual Strata Corp Board Meeting was held December 11, 2008, at The Sands at Grace Bay Hospitality Suite.

**In Attendance:**

Board Members:

Dolores Rogers, Chairperson  
Stan Hartling  
Linda Harper  
Judy Long  
Craig White

The Sands:

Veer Pudaruth, CFO  
Pierre, Beswick, General Manager  
Calin Popescu, Financial Controller  
Joan Hagan, Director of Owner Relations

Owners:

Norman Rogers

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The meeting began with a welcome from Stan Hartling (SH) as he passed the Chairmanship to Dolores Rogers (DR) and congratulated Judy Long (JL) on her appointment to Board Member. DR thanked SH and welcomed our new Financial Controller, Calin Popescu (CP).

**Review of the Minutes from the Annual General Meeting:**

DR asked everyone if they have reviewed the minutes from the Annual General Meeting held last June and if anyone had any questions or comments.

As there were no questions or comments regarding the minutes, Linda Harper (LH) made the motion to approve the minutes and Craig White (CW) seconded the motion. A show of hands was requested and unanimously approved the motion.

## **Income Statement – January 1 to November 30, 2008:**

Veer Pudaruth (VP) explained that the Special Assessment – Insurance was lower than budgeted due to the fact that the premium amount was not known when the Budget was prepared. The budgeted insurance premium was based on the prior year's rate, however we subsequently managed to negotiate a drop in premium from \$1.12/\$100 to \$0.85/\$100 with a 5% deductible. Insurance is likely to increase for 2009 because of the recent storms.

Income from Maintenance was lower than Budget. The newly renovated rooms required less maintenance. Furthermore the hurricanes consumed labor resources which would otherwise have been used to generate Maintenance Income through Work Orders.

The Hurricane Expense was not a budgeted item. Additionally, some of the works had not yet been completed so this figure was not complete.

It should be noted that, though the Strata Lot fee increases by 5% annually per the Strata Management contract, this amount was not increased this year.

The increase in Swimming Pool Power cost was not from an increase in occupancy, but rather from the drastic increase in the fuel factor. The fuel factor was actually higher than the base rate itself at points. The increase in Swimming pool supplies was primarily due to the balancing of the pools that needed to be done after the hurricane.

The Common Area Expense was over budget because of the increase in the rate of the power and consumption due to the sanding of the deck and the additional tree lights.

LH stated that the Hurricane Expense was not a "real" number at that point and VP stated that it represented whatever expenses we had been able to quantify up to that point. Taking future known expenses, pending repairs of damages to units due to water leaks, consumption of utilities and labour resources directly related to the hurricanes as well as an estimate for unforeseens at that moment, it was estimated that the total hurricane expenses would amount to \$116,085; approximately \$0.87/Sq Ft.

LH questioned that as we have a deficit in the Income Statement of \$63,000, if we didn't have the hurricane expenses and the increase in power cost, we would have had a surplus in the account to which VP confirmed.

## **Balance Sheet – November 30, 2008**

VP explained the Balance Sheet as of November 30, 2008 and asked if there were any questions to which the reply was “no”.

## **Capital Expenditure**

PB stated that we started the year with a negative balance of \$146,000 brought forward from 2007 due to the major capital works performed during that year. After the Capex Assessment in January 2008, \$52,000 was left to start the year with.

The major request from the Strata Corp Board from the last Board meeting was to increase the amount of pathway lighting as well as to repair/replace the maid’s closet doors.

The Balustrade (railing) expense was due to the fact that it had come down and could only be replaced using scaffolding.

The Pool/Deck expense was due to the resurfacing of the pool deck and plugging the nail holes with wood which is more aesthetically pleasing than just nail holes.

The Pool Surface expense was to resurface the coping on the children’s pool.

The Thatch Repairs were for the two left Palapas that had the thatch replaced with “Thinsatch” which has a much longer life than regular thatch. This will be evaluated a decision made based on this as to whether to replace all the thatch.

PB asked if there were any questions regarding the Capital Expenditures to which the reply was “no”.

## **3 – Year Capital Expenditure**

PB stated that the pathways are cracking due to the excessive rain and the ground settling.

SH suggested cutting a section and inserting beach stones with mortar.

LH stated that she has seen corners chipping and asked if this was a design flaw or from the storms. It is basically from the ground settling.

PB stated that while we had originally planned to finish replacing the walkways in 2009, we have moved this expense to 2010.

Grounds –

DR asked if the decks will have to be redone every year or was this due to the storm. SH replied that they will have to be redone as part of normal care of the wood or the wood will go gray. The other option is to sand and oil the wood to keep that fresh look which everyone agrees is very nice.

LH commented that she is very happy to see this schedule for Capex works.

Currently the annual assessment is \$1.50 per square foot. At this rate, we should have \$233,000 in the reserve by 2011.

SH stated that he feels this amount is too light of an amount. He stated that one or two owners have minimal hurricane damage which will come back to the Strata Corp as an expense due to the nature of the damage. SH feels the amount assessed should be \$2.00/per square foot. He further stated that the Palms has two reserves. 1 Capital Reserve which is for short term capital items and one which is basically a "Do Not Touch" reserve which would be for an emergency, significant roof repair, etc. SH is questioning whether we are putting enough funds away and feels we should be putting more away.

It was suggested to create a special assessment for Hurricane expenses. SH agreed. LH asked if this assessment would be done, would that keep the Strata Corp Operating Budget on line? VP replied that it would.

LH made the motion to assess a one-time Hurricane Assessment charge of \$.87 per entitlement. CW seconded the motion. This assessment would total \$116,085. This assessment needed to be enough to cover potential repairs on the inside of a couple units that had some water seepage from the storm and we don't know yet what the amount will be yet. This also includes a contingency for any unknown expenses that might arise during the repair and things that will fail later do to salt water inundation during the storm.(exterior panels etc)

A show of hands was requested and unanimously approved.

CW asked if was possible to have a handrail coming up from the beach? DR commented on the amount of sand in the footbath. PB to look at solution for keeping the footbath free of sand. SH suggested perhaps a wood railing. Another suggestion was to make the entrance from the beach wider instead of adding a railing.After a lengthy discussion it was decided to not do railings at the moment but simply to try and make it wider for the moment

## **2009 Proforma Budget**

VP stated that the new quotes for Property and Liability Insurance are \$.99 with a 7% deductible; \$1.02 with a 5% deductible; \$1.20 with a 2% deductible. Last year our rate was \$.85 with a 5% deductible. However, our Insurance Advisors have not had the opportunity to look at these rates as yet.

VP stated that due to the fact that the cost of fuel has decreased, we should expect the cost of fuel factor from Provo Power Company to decrease as well.

VP explained that the Government were in the process of introducing a new health plan. 2% would be deducted from each employee and 3% would be assessed to the employer. This new plan would go in to effect in September 2009.

The increase in Grounds Expense is due to the spraying of the coconut trees which is essential to ensure they stay healthy and bug free.

It was discussed that the gym equipment needs to be enhanced drastically. Also needed is that we need to allocate more staff to cleaning the facility. We need to have two televisions working properly; an additional treadmill, and more weight equipment. The amount needed to bring this to a better of level is approximately \$15,000. \$10,000 will come from the Strata Corp and the Management Company will match at 50%, equaling \$5000.

SH discussed the process of cleaning the beach on a daily basis. He has a 4 wheeler that he would like to try as well as a Kubota vehicle. CW asked if we were able to handle and maintain more equipment and LH asked where we would store the equipment. JL asked if the broken lounge chairs could be removed. SH stated that if we purchased a proper beach rake, the Management Company would increase the Water Sports contribution from \$18,000 to \$20,000 per year. SH stated that he has a Kubota and offered an attractive offer on selling it to the Strata Corp. He suggested a test run to see how it operated on the beach.

It was suggested that \$12,000 be allocated for new gym equipment and \$14,000 be allocated for the beach equipment. LH made a motion to approve the changes and JL seconded the motion. A show of hands was requested and unanimously approved.

JL made a motion to approve the Budget. SH seconded the motion. A show of hands was requested and unanimously approved.

SH stated that he recently had the opportunity to review the financial statements from one of our competitors and he truly could not be prouder of VP and PB for the manner in which the Strata Corp is managed so tightly and the financial statements so very well presented. Congratulations!

### **Any New Business**

SH stated that there are two units in building 3 that are not in the rental pool and seem to have had some water damage from the hurricanes. Apparently the water came through the storage doors that are located on the roof. We will be having an independent firm perform the necessary repairs. It was asked if now that the renovations have been completed, do the units have sufficient Contents Insurance. SH will ask Marc Romkey to do an inventory and advise. Joan will handle any changes necessary.

As no other Strata Corp items to discuss, SH made the motion to adjourn the meeting. DR agreed and adjourned the Strata Corp Board Meeting at 12:20pm.