

Strata #25 Annual Board Meeting
Thursday, December 9, 2009
The Sands at Grace Bay

The Annual Strata Corp Board Meeting was held December 9, 2009, at The Sands at Grace Bay Hospitality Suite.

In Attendance:

Board Members:

Dolores Rogers, Chairperson
Stan Hartling
Linda Harper
Judy Long

The Sands:

Pierre, Beswick, General Manager
Joan Hagan, Director of Owner Relations
Mike Michael, Chief Financial Officer
Karen Gardiner, Resort Controller

Owners:

Rene Bondoux

Absent:

Craig White, Board Member

The meeting began with a welcome from the Chairperson, Dolores Rogers (DR) at 8:40am.

Pierre Beswick (PB) reviewed the minutes of the Strata Corp Annual General Meeting that was held in June 2009.

Stan Hartling (SH) clarified what areas of the resort belong to the Strata Corp and which are the Management Company's responsibility.

SH also commented on the notable absence of one of our esteemed Board Members. Craig White (CW) had difficulties in attending and in the end, was unable to attend the meeting. This was the first meeting (either Board or Annual General Meeting) that Craig has missed in his many, many years participating as a Board Member and his presence is greatly missed!

SH confirmed with Joan Hagan (JH) that the minutes of the Annual General and Strata Corp Board Meetings are located on the owners' website for ease of review.

Linda Harper (LH) made the motion to accept the Minutes of the Annual General Meeting and Judy Long (JL) seconded the motion. A show of hands was requested and unanimously approved.

Income Statement – January 1 to November 30, 2009:

Mike Michael (MM) introduced our new Controller, Karen Gardiner (KG) who recently joined us!

MM began the review of the Income Statement from January 1st to November 30th.

Income from Maintenance is slightly lower as quite a number of air conditioners have already been changed as well as safes and hot water heaters. The cost for installation of these items is a major contributor to the revenue from Maintenance.

The Income from Utilities is funds that are meant to cover the "line loss" of the electrical consumption and admin of billing etc.

Payroll and Related: Landscaping payroll is higher than last year and budget due to some areas needing replanting because of the age of the foliage.

Subcontractors expense was considerably lower as qualified in house staff were used instead of the costly expense of subcontractors.

NHIP expense was lower as we had budgeted this to begin in September when it actually went in to effect November 1st.

Employee Relations expense was higher due to contributions to those families of the two staff members who passed away this year.

Work permit expense is also higher as we are no longer allowed to "share" work permits. For example, the past practice was that a company could assume the work permit of an employee from another company.

A&G:

There was no increase in the Management Fee and it is exactly on budget as approved by the Strata Corp Board last year.

Grounds and Landscaping:

The Supplies expense is lower as the large bark mulch order has not arrived yet.

Pool and Beach:

Hot Tub Propane – PB explained that while gas prices have decreased, propane has not.

Swimming Pool Power – PB explained that they had budgeted for the fuel factor to decrease, but it hasn't decreased as much as was hoped. Additionally, we are running 3 pool pumps instead of 2.

JL made the motion to accept the Income Statement and LH seconded the motion. A show of hands was requested and unanimously accepted.

Balance Sheet – January 1 to November 30, 2009:

MM explained the Strata Corp Balance Sheet.

Total assets are \$449,158.00.

Total Liabilities are \$126,577.

Total Equity – Capex is \$72,910.

MM asked if there were any questions. LH made the motion to approve the Balance Sheet. JL seconded the motion. A show of hands was requested and unanimously accepted.

2010 Proforma Budget:

MM stated that the Assessment Income will remain the same. There will not be an increase in the Assessment.

SH stated that the Property and Liability Insurance is up for renewal. Our current deductible is 5%. SH stated that we can reduce it to 2%. SH asked MM to confirm with Neville Bolton that they will accept the proposed schedule of values. If we keep are keeping the current schedule of values, SH is suggesting taking the potential savings that should arise this year by staying with a 5% deductible instead of keep the same cost and reducing the deductible.

PB stated that of the Actual 2009 January to November is Actual; however, November and December are forecasted obviously.

Payroll & Related

The Bonus allocation is for the \$100 per Strata employee that have reached 5 years employment.

The Employee Relations allocation is for anything we do with our staff i.e. awards, birthdays, etc.

LH commented on the shrubbery on the sidewalks out on the public road and that it really should be trimmed back. PB stated that we will be participating in the project TCI Shines on December 12th and will have a small crew assisting in cleaning up the sidewalks in Grace Bay.

LH asked if it wise to put \$0 in Grounds water. PB agreed and asked what the Board felt would be acceptable. LH suggested \$2,000 and \$1700 in swimming pool water.

JL asked if all of the gym equipment is here and PB confirmed that it is. PB stated that he is looking for the proper person to maintain the equipment.

It was also requested to increase the Utilities Income to \$128,000.

PB asked if there were any additional questions.

SH stated that there is not a buffer and it is a direct balanced budget asked if the Budget should be kept flat. SH stated that the Regent Palms increased their 2010 Budget by 3%.

LH confirmed that yes it would and suggested increasing the Fees by 1% this year and 1% next year or 2% next year. SH felt it would be better to do no increase or one that will create a surplus as a 1% increase will still not be a large buffer but the feelings will be that the fees increased. It was agreed to keep the fees the same and try to balance the budget with no increase. The increase will be reviewed next year as it was agreed that trying to go more than 5 years without an increase is unreasonable and may lead to diminished service levels.

The vote to approve the Budget will be tabled until the CAPEX portion of the meeting is discussed.

CAPEX:

PB will be contacting the installers of the walkways to go deeper in the ground so as to lessen the cracks in the walkways.

PB stated that there will be \$51,000 in the Capex Reserve and the surplus at the end of 2010 will be \$155,000 barring no setbacks or storms.

LH asked if we should update the 20 year Capex that we did 5 years ago and see where we are. PB will update the Capex.

PB asked if there were any questions.

DR asked about the condition of the palapas. PB stated that he wants to use Synthatch. LH would like the frames repaired and replaced where necessary.

PB stated that the next areas of the walkways to be completed will be next to Building 3 and will move inside the pathways. PB would like to spend \$10,000 to complete this. LH agreed.

The decision to not increase the Strata Fees and Budget this year made. This will be the 3rd year with no increase. Although there will be additional costs due to the new Hospital tax, PB will control expenses in other areas so that they can keep the Budget flat.

DR made the motion to accept the 2010 Strata Corp Budget. LH seconded the motion. A show of hands was requested and unanimously approved.

LH made the motion to accept the CAPEX. JL seconded the motion. A show of hands was requested and unanimously approved.

Any New Business:

SH read the letter from the Attorney representing the unit owned by Caicos Chair who has withheld funds for Electrical payments because of a perceived over billing in relation to a wiring matter. SH highlighted that the matter was looked at in great detail and advice was sought from a local engineer. It is the management company's position that the temporary cross wiring of two similar units by the subcontractor could not have caused the variance being claimed. LH suggested creating an Owner's Handbook that would summarize the procedures and policies for the Owners once they are delinquent so they know that interest etc will be charged if they are late on payments.

It was decided that we would respond to the attorney's letter and that the offer to settle the outstanding debt would not be accepted. However, we would waive the applicable interest and would want the full outstanding amount paid within 14 days in accordance with the By-Laws. The Board will send a letter stating this.

LH made the motion to accept this decision. DR seconded the motion. A show of hands was requested and unanimously approved.

An owner had sent a multi-prong request for a Task Force be retained to review the Strata Association and its practices, policies, etc. It was determined that for the Board to decide on this would be a conflict of interest and would like to table the decision to the Annual General Meeting to be held in June 2010.

LH made the motion that the Board has formally received this request and that it will be considered to be added to the Agenda for the Annual General Manager in June 2010 and the Board does not see a reason for approving this review and does not support this. JL seconded the motion. A show of hands was requested and unanimously approved.

The Strata Corp Board Meeting was officially adjourned at 12:10pm.