



**Strata Corp #25**

**Annual Board Meeting**

**December 8, 2011**

**Hartling Group Corporate Office**

**In attendance:**

**Board Members:**

Dolores Rogers, Chairperson

Linda Harper

Kevin Cross

Judy Long

Stan Hartling

**The Sands Management:**

Mike Michaels, Chief Financial Officer

Mona Beeson, General Manager

Pierre Beswick, Vice President of Resort Assets

Joan Hagan, Director of Owner Relations

Marc Romkey, Commercial Assets Manager

Karen Gardiner, Financial Controller

The Strata Corp #25 Annual Board Meeting began at 8:45am with a welcome from the Chairperson, Dolores Rogers (DR). DR welcomed Mona Beeson (MB), the new General Manager at the Sands.

The Board had all been notified that Joan's (JH) computer crashed before we were able to finalize the minutes from the Annual General Meeting in June and while many, many attempts have been made to retrieve the information, they have not been successful as yet. Pierre Beswick (PB) and Mike Michaels (MM) were able to reconstruct the minutes and these were presented to the Board for review/approval. With no changes needed, DR made the motion to approve the Minutes and Linda Harper (LH) seconded the motion. A show of hands was requested and unanimously approved.

### **Strata Income Statement –**

#### **Major Variances:**

Other Income – This is due to a check that was owed to us from the Government since 2008.

Income Utilities - This is due to a water leak that was found by building 4.

Maintenance Electrical Supplies – We have replaced the lighting with LED lights which are more efficient and will reduce the cost of electricity.

LH stated that we have 2 months left in the year and asked how does that impact these numbers? PB stated that the last two months of the year will have little or no impact on these numbers.

Stan Hartling (SH) inquired as to the status of the inventories. PB stated that the inventories are right in line. DR inquired as to the inventory quantities of the beach towels. They are way too small. Also, the palapas are falling apart and are in need of repair and more umbrellas are needed. PB stated that these have all been ordered.

#### **Balance Sheet:**

Karen Gardiner explained the Balance Sheet.

DR made the motion to accept the Balance Sheet. LH seconded the motion and a show of hands was requested and unanimously approved.

#### **2012 Budget:**

PB stated that he has provided 3 different scenarios of the 2012 Proforma Budget. One with a 1% decrease in Strata Fees (\$7.89 to \$7.81); One keeping the Strata Fees the same (\$7.89); and One with a 1% increase (\$7.89 to \$7.97). This would result with the following balances at the end of 2012: -\$3,565; \$5,375; \$14,000.

The Board felt that the Strata Fees should be kept at the same for 2012. LH made the motion to keep the fees the same for 2012 and DR seconded the motion. A show of hands was requested and unanimously approved.

LH thanked PB for putting the Budget in this perspective as it was easier to understand and make the decision.

DR made the motion to accept the 2012 Proforma Budget and LH seconded the motion. A show of hands was requested and unanimously approved.

### **Capital Expenditure:**

The major variance is the Bionest System for the Waste Treatment Plant.

A discussion took place regarding children in the hot tub. It is a health risk for children to be exposed to such high temperatures as their lungs are not fully developed. Additionally, small children have been seen in the hot tub in diapers. Despite Management's diligent efforts to not allow children, parents tend to get upset and continue to allow their children in the hot tub which inconveniences other guests. It was suggested to put a decorative fence around the hot tub to prevent children from entering along with better signage. Marc Romkey (MR) to source a gate/fence and send to the Board for approval.

Kevin Cross (KC) commented on the condition of the unit doors as many are rusted and deteriorating. MR to look at door options and advise.

### **5 Year Capex Projection:**

An enhancement to the elevator in building 3 was discussed. LH disagrees with changing anything in the elevator as it would just keep getting damaged by luggage and bell carts. Maintaining the cleanliness of the elevator would help tremendously. PB will leave \$2000 in the budget for this. SH would like to review the elevator maintenance contract and also compare it to other companies.

LH would like the CAPEX to extend to 10 years instead of 5.

SH asked PB to have BCQS review the CAPEX Plan to ensure thorough enough. It was noted that there has not been an increase in the CAPEX Assessment to the owners since we began and as the building ages, we are looking the possibility of more work required. The Board agrees. An increase in CAPEX Assessment fees is pending based on further discussion.

The discussion of installing a heater for the pool took place. Most of our competition on the island has installed pool heaters. SH would like us to look into solar heating. PB to obtain the costs for solar compared to propane and electric.

LH asked where the ROI would fall. PB stated that it would be in the retention of our market share. SH further commented that they are currently installing one at The Regent Palms and asked PB to inquire whether there would be any additional savings for us to install one in conjunction with them. LH inquired what PB felt would be the operating cost per year. \$6,000 approximately. This would make us operate at a zero-based budget.

SH would like to enhance the gym experience with a structure similar to the one at The Gansevoort which is an open air, all wood structure. We would enclose it and install air conditioning however.

The Board discussed increasing the Capex Assessment from .5% to 1% of the insured value, but spreading the charge over 12 months instead of one lump sum in January.

SH stated that he would split the cost of the new gym facility with the owners on a 60/40 basis.

LH made the motion to increase the CAPEX by 1% of the insured valued and the assessment will be charged on a monthly basis instead of annually. This will be effective January 1<sup>st</sup>, 2012. The first project to be potentially done is the relocation of the gym area.

DR seconded the motion. A show of hands was requested and unanimously approved.

#### **Hurricane Irene:**

PB went through the damage of Hurricane Irene. Almost all areas of the resort received some sort of damage. There was a lot of rain and wind damage. The damage to the grounds areas were mostly to the trees, gutters, lights, etc. The damage to the rooms was to the screens, frames as well as interior water seepage which caused cracked baseboards, paint peeling, etc. despite our efforts to prevent this. We will process an assessment of \$.75 per sq. ft. This will be reflected on the December statement that owners receive in January.

JL made the motion to process this assessment and DR seconded the motion. A show of hands was requested and unanimously approved.

KC inquired as to the \$10,000 that was given to the Hotel Association for street cameras and lights. SH stated that these have been purchased and they began the installation in November.

#### **Review of the Strata Corp By-Laws:**

We have had an on-island attorney review these and she has suggested that amendments be made to the By-Laws as they are quite antiquated. We would like to distribute them to the owners for review and suggestions. LH offered to assist in this process but suggested that we ask the attorney to coordinate this and put the suggested changes to the owners and vote to approve at the next Annual General Meeting.

**Other Business:**

Insurance:

We have an independent insurance advisor work to obtain the best insurance coverage for us annually. However, in speaking with Grace Bay Club, they have a consultant that has been able to obtain their insurance coverage for them at a lower rate. The cost for this consultant is \$40,000. MM asked if we would like to share this cost with Grace Bay Club and try to obtain a lower rate for The Sands. SH asked MM to find out exactly what their coverage entails as is it the exact same coverage that we have or is the reason the quote is lower is because the insurance coverage is not the same. It was also discussed to inquire whether the Regent Palms would like to join this as well, thus reducing the consultant's fee even lower.

The Board understands that we will recover these additional costs with the lower rate and this will built in the overall insurance billing.

At 1:10pm DR adjourned the meeting as no further Strata Corp items were left for discussion.