



Strata Corp #25

Annual Board Meeting

December 6, 2012

Hartling Group Corporate Office

In attendance:

Board Members:

Dolores Rogers, Chairperson

Miles Hamm

Judy Long

Stan Hartling

Fred McClaine via Skype

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

Review of the Minutes from AGM, June 21, 2012:

Pierre Beswick (PB) stated that there was a correction on page 6 of the Minutes. It should have read that the heater will run about 4.5 months out of the year and it depends on the weather when it is turned on, and the heater was used approximately 2 months this year (2012).

Miles Hamm (MH) made a motion to accept the Minutes and DR seconded the motion. A show of hands was requested and unanimously approved.

Strata Income Statement –

Major Variances:

PB stated that we were approximately \$40,000 higher in expenses vs. budget.

We had \$5,000 budgeted for elevator maintenance, but we did not need to use it.

Security expenses are down as luckily crime has been down, so additional security personnel were not needed.

We saved \$11,000 in Treatment Plant Power due to the Bionest System.

Work Permit expenses were higher as the Government has increased these fees. Unfortunately, the Immigration Department is denying a lot of the Expat permits and as a result, we have had to let 2 Strata employees go.

The increase in Plumbing Expense was due to a leak in one of the units that was in the chase, so it was a Strata Expense.

Income Utilities – this is due to pest control, bed bug control. It is \$2300 each time he comes down with the dog. This includes traps, spraying and the travel expenses for the Manager. This is the reason that we have had to increase the monthly Pest Control expense to the owners. We have also had a large increase in rodents and cats recently. All units need to be inspected whether in the rental program or not. DR made a motion for this and MH seconded it. A show of hands was requested and unanimously approved.

Income Statement January to October 2012:

All reviewed the Statement. MH asked PB if he saw any issues to which he stated that there is a need for more funds for gym repair and building maintenance.

DR stated that the walkways need cleaning, especially by Building 4. This is primarily due to the heavy traffic to/from Hemmingway's.

DR also stated that the decking around the large pool has the wooden bungs coming up. PB stated that Marc Romkey will be fixing those shortly.

Balance Sheet:

Karen Gardiner explained the Balance Sheet.

PB stated that Christopher from Pool and Beach will be going home shortly due to family issues. We have recently held a Job Fair to which we had over 390 applicants.

PB asked if there were any questions to which there were none.

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

2013 Budget:

PB stated that the Building Maintenance has increased due to the age of the buildings.

NHIP was 2.5% but has increased to 3%.

We did not increase the Strata Fees last year as per the Board's decision. If we increase the fees for 2013 by 4% it would equate to \$8.21 per sq ft which would give us a surplus of \$2,000 in the budget. If we increased them by 5% to \$8.28 per sq ft, this would result in a surplus of \$11,000.

All felt it was necessary to increase the fees due to the ongoing increases in duty and fees initiated by the Government. MH made the motion to increase the fees by 5% (\$8.28 per sq ft) and JL seconded the motion. A show of hands was requested and unanimously approved.

MH asked how The Sands compares to other hotels in our set and PB explained that we are actually lower than our competition. SH further explained that even the office spaces in the Regent Grand that have no services other than security actually charge \$7 per sq ft. So for a resort, we are extremely reasonable even at the new rate.

DR asked how to increase the rental rates and PB explained that our rates are based on our competitive set and our competition such as Seven Stars now has a very good restaurant and a boat for their guests and we need remain competitive and not "out price" ourselves. Additionally, there has been a reduction in flights coming to the island. SH further commented that 2012 was a very good year occupancy wise for the Sands and may be one of the highest since opening.

PB asked if there were any further questions and the response was no. DR made the motion to accept the 2013 Budget and MH seconded the motion. A show of hands was requested and unanimously approved.

DR further commented that the Beach is one of the most important features of the resort and there has been less presence on the beach lately. She said that on Tuesday, there was only 1 pool and beach person there for 1 ½ hours. MB stated that she has a meeting scheduled for tomorrow morning with the staff and will relay the comments. SH asked what the rating on the Guest Satisfaction Feedback surveys has been for this department. MB stated that the approval rating has been high to mid-90%.

Capital Expenditure:

We have been experiencing a very bad termite problem. We have had to convert to using plastic bug and mold resistant pallets to store items in the basements.

PB displayed a sample replacement door for the units. He is waiting for a final cost, but right now to replace the “divided lights” on the front of the doors it is over \$580. Also this sample has a special glass that will help keep the heat out.

We did not have Paddle Boards included in the CAPEX for 2012 but due to the high demand for them from our guests and owners, we needed to purchase them.

FM asked what the cost to put pavers down the center of the dune where the current path is to avoid getting the sticker burrs in your feet. PB to get the cost to do this.

DR asked how many Hobie Cats should be on the beach at any given time. PB stated that there should be 2, but DR stated there is only 1 right now.

10 Year Capex:

PB stated that they met with BCQS who surveyed the property and one of the major areas that will need attending to very shortly are the railings.

We will need to begin to replace the doors and frames on the units and this has been determined to be a Strata expense and not an owner expense. However, the screens are the responsibility of the owner.

The roof lines will need to be done in 2020/21. SH suggested that someone go through the attic areas of the roofs and check for leaks/rotting, etc now to be able to have early detection of any problems that might exist and cause a larger issue later.

There was a discussion in regards to the separation of the Capex and the Reserve. At this point there is no Reserve Fund, just a CAPEX fund. The Board and owners can decide if separate Reserve Fund is to be established by the resort.

Insurance:

Presentations were provided by an Insurance Consultant from Ireland (John Crotty) as well as our current provider United Reliance (Neville Bolton).

FM asked for the dates for the renewal of the policy to which MM replied it was 1st February. FM further asked for the ratings of the 2 companies. SH asked how they look at the schedule of values for the interiors/exterior of the units. SH asked what the exposure is for each of the insurers.

MM stated that a decision will be made which provider to move forward with in the first week of January. FM offered his assistance with this since it is his area of expertise.

Committees:

MH stated that he will take charge of the Internal Audit Committee; SH will head the By-Law Committee and will seek advice from Yvette Marcelin; and JL will head the CAPEX Committee.

New Business:

The relocation of the gym was discussed. JH asked if any amendments to the strata lot needed unanimous approval from the Strata owners. SH to find out what exactly is involved in added a structure on the current Strata Lot.

Television Update:

As discussed in the AGM, we will be updating the televisions in all of the units. We will install 32" in the master bedroom; 37" in the living rooms; 19" televisions will be moved to the 2nd bedrooms and 26" will be installed in the living rooms of the Meridien units. These are all LG brand hospitality, non-residential televisions.

Edward Garland Youth Center:

A presentation was made to the Committee by Roxanne Wake-Forbes of the Youth Center. This facility provides both educational programs as well as cultural programs for the youths on the island. Terry Drummey has been a Director of the Center since its inception approximately 10 years ago. The Board voted to donate \$1000 to this very valuable program.

At 1:15pm DR adjourned the meeting as no further Strata Corp items were left for discussion.