

The Sands at Grace Bay
Annual Strata Corp #25 Board Meeting
December 13, 2013

Strata Corp #25 Board Members:

Dolores Rogers (DR), Chairperson

Judy Long (JL), Board Member

Fred McClaine (FM), Board Member

Stan Hartling (SH), Board Member

Absent:

Miles Hamm, Board Member

The Sands at Grace Bay:

Pierre Beswick (PB), Vice President, Resort Assets

Joan Hagan (JH), Director of Owner Relations

Karen Gardiner (KG), Financial Controller

Mona Beeson (MB), General Manager

Absent:

Mike Michaels, CFO

Marc Romkey, Commercial Asset Manager

The Strata Corp #25 Board Meeting began with a welcome by the Chairman (DR) at 8:40am.

Review of the Minutes from the Annual General Meeting, held June 20, 2013.

By Law Review: MB asked about the Extraordinary Meeting. Where will it be and how does it work? SH explained that we need 2/3 of the owners either present or via proxy are needed even to hold the meeting. This meeting will be held like a Q&A and the owners will be allowed to vote on each By-Law proposed change.

Gym enhancement: The Board would still like to go ahead with project and would like to put it to the owners for vote. SH said he would still consider offering 50% of the cost. SH would like a legal opinion as to the true definition of an amendment to the Strata Lot.

The Board and the Management Company would like instead of just creating a "gym", to create an "enhanced recreation area". SH will meet with Rafael Amuchastegui who will be here on Monday to discuss various options for this area.

JL made a motion to accept the minutes, FM seconded. A show of hands was requested and unanimously approved.

Strata Income Statement October 2013, Variance Report

Positive Variances:

PB explained that the NIS positive variance is for employees that were gone longer than expected.

Security variance was for Robert Saunders who has experienced health issues.

Common Area Water – this surplus is that we are using cisterns for the foot wash now. PB explained that the water is treated so it is safe and we have been fortunate that we had a significant amount of rain.

Payroll maintenance – we are currently short staffed and we were looking for a part time A/C technician.

Work permits - As explained in previous years, this is more of a timing issue – there will be more permits submitted in December; we had planned replacement for Christopher and added local staff without permits.

CA Power – PB stated that LED lights have helped. However, due to the lightning storm a few months ago, several areas were affected. FM instructed to compile all the damages received and submit an insurance claim. PB also added that we will be installing lightning rods, etc. to help prevent this in the future.

Housing and utilities – this is due to Christopher leaving and then Adrian leaving without a replacement to the unit.

Negative Variances:

Watersports: This variance is due to the fact that the resort needed various water sports and Kubota repairs. We ordered a new Hobie Cat for the upcoming season.

Overtime: This is due to being short staffed in certain areas and needed additional staff to cover.

P&B supplies: This is due to one major change made by the DECR – which all staff who drive the rescue boat had to complete special training and needed to be licensed.

Swimming pool supplies: This is due to an increase in chemical supplies as companies have changed what they put in the sunscreen. Not only do items such as towels become stained by sunscreen, these changes affect the pools as well. More chemicals are now needed to combat the problem. This situation can be monitored by using a special computer that balances and monitors the chemicals. PB stated that they are using this computer at the sister property and would like to propose to try it here. The cost savings from using the unit will basically pay for the machine. PB to obtain the details and provide to the Board.

Insurance: PB explained that we had to include Business Interruption Insurance for the Strata Corp.

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

Balance Sheet as of October 31, 2013

KG reviewed the Balance Sheet up to October 31, 2013.

FM asked what the Term Deposit is for. KG explained that it is for the funds set aside for the CAPEX Reserve.

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

Proforma Strata Budget 2014:

The Strata Fees of \$8.28 per sq. ft. will remain the same.

Pool and Beach increase is due to \$9000 of the expense for the new supervisor.

Automotive: this is the result of a lot of repairs in 2013. We just need to be really firm with the staff to be very careful and reduce the costs.

Contracted security – PB explained that this is for Presidential Security who are on property 3 days a week randomly as determined by PB. 20% of this expense is charged to the Sands. It is also split between the Regent Palms, the corporate office and the housing facility.

SH would like a side reflector put on the flood light by Hemmingway's as it is very bright at night when dining.

PB stated that there are some large expenditure items in 2013 CAPEX and would like to move some of them in to the operations with the board approval. SH stated that it should be left as an operating surplus for the future.

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

FM made the motion to approve the 2014 Proforma Budget and JL seconded. A show of hands was requested and unanimously approved.

Capital Expenditure October 2013:

Walkways: this has not been completed yet as they have been having trouble getting the needed stone.

PB expects to end the year at approximately \$144,000 vs \$127,700 budgeted.

14 year Capex Projection:

Railings – it was explained that it has been hard to get someone to quote on it as there are so many unknown variables in performing the needed tasks. We have found someone finally and we will prepare the area for the contractor and then he will paint the railings.

DR asked if we were going to put the rescue boat out now. MB said once the water calms down.

SH suggested creating a separate term deposit for the recurring reserve. PB agreed and will do.

MB explained that the beach chairs look antiquated and we must remain competitive. We need new modernized beach chairs with mesh fabric and we need to start to plan now to do this complete change out.

SH would like to create a special area between the beach and the pool for an adult's only area.

PB will put together a budget for the proposed changes and revert back to the Board within 10 days.

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

By-Law Committee:

The Board reviewed the proposed changes so that it can be decided which ones of the changes would need to be put forward to the owners for their vote. The following are the suggested changes to the By-Laws to be put to the owners for voting. Exact wording will be submitted by the attorney prior to voting:

Insurance Clause – The committee feels that there should be separate policies for interior and exterior of the units and we need more clarity on large claim as to who pays for what.

Collection of Bad Debt on Assessments:

Owner obligations Section: Some of these changes may seem obsolete but it is best to have them covered nonetheless.

Owner issue: We currently have an issue with an owner who is not in the Rental Program is conducting construction in their unit without prior approval by the Management Company or even any notice of work. The Management Company is receiving several complaints from guests.

MB will take photos and complete an investigation and JH and will contact attorney to find best way to proceed to see if we have the ability to cease and desist the work.

FM made the motion to put forward the proposed changes to the attorney for proper wording and DR seconded the motion. A show of hands was requested and unanimously approved.

Meeting adjourned at 12:14pm.