



**Strata Corp #25 Annual General Meeting
June 15, 2017
Hospitality Lounge, The Sands at Grace Bay**

In Attendance:

Strata Board Members:

Miles Hamm, Chairperson
Linda Harper
Stan Hartling
Fred McClaine
Dolores Rogers

Sands Management Team:

Mona Beeson, General Manager
Pierre Beswick, VP Resort Assets
Karen Gardiner, Financial Controller
Joan Hagan, Director of Owner Relations
Marc Romkey, Commercial Asset Manager
Patrick Van Hamme, Chief Financial Officer

Unit Owners:

Barbara Berger
Dale Brown
Anne Decker
John Decker
Robert Demers
Linda Emby
Craig Emby
Elisabeth Flamant
Allen Goldberg
Brad Groshock
Elizabeth Hamill
Louise Kaminer
Dan Kelly
Maureen Kelly
Jan Kendall
John Kendall
Paul McAteer
Sarah McAteer
Tom Mothorpe
Yvonne Mothorpe
Alison Peck
Brian Peck
Norm Rogers
Rick Satin
Sandy Satin

The meeting began promptly at 8:30am.

Miles Hamm (MH) gave brief overview of Strata related areas (grounds, etc.) vs. Resort related areas (lobby, front desk, etc.).

As there were many new owners at the meeting, MH described the process of the meeting.

It was reiterated that Fred McClaine (FM) was stepping down as a Strata Board member due to personal commitments. MH thanked FM for his years of service and assistance with insurance costs and procedures.

MH asked if we did in fact have a quorum in order to conduct the meeting. Joan Hagan (JH) explained that by the Turks and Caicos Strata Ordinance a quorum, which consists of at minimum 50% of the owners either present or by proxy, is needed to conduct the Annual General Meeting and confirmed that this was in fact achieved.

Strata Income Statement December 2016; Balance Sheet December 2016:

Stan Hartling (SH) explained the Management Fee which is 17% of the Strata Revenue and this is the fee the Management Company receives to manage the Strata Corp and further explained that the Management Company does not receive any revenue derived from work order billing.

He further went on to explain the 3 areas of the resort:

The common areas i.e. grounds, etc., the hotel areas i.e. lobby, laundry, etc. and the interiors of your unit. The Management Company's Strata lots are the lobby, convenience store and Hemingway's and pays strata fees accordingly just as unit owners do.

The question arose as to how long is the Strata Management contract for and confirmed that it is for 25 years.

SH explained the Income Statement:

Assessment income is the actual strata fees;

Special assessment—insurance. This is a complete in and out expense and you will see it at the bottom of the statement;

Income from maintenance is actual work orders;

Income utilities – consists of any profit from internal billings i.e. power, water, pest control;

OSM Contributions - watersports – The Management Company contributes \$20,000 annually to the watersports.

A question was raised as to explain the maintenance payroll which Pierre Beswick (PB) explained that this is a corporate allocation for the facilities manager which we do not currently have as have not been able to fill the position permanently since Andy Robinson left last year and as a result you will see higher Payroll Maintenance expense of \$18,000 as we had to fill the position with maintenance technicians thus resulting in more people in maintenance since we do not a maintenance manager.

It was stated that \$3300 for training seems low but it was explained that it is combined with the other properties – The Palms and the Shore Club. PB explained the various trainings that the Hartling Group offers: Service Culture Training, Captain's licenses for Pool and Beach, AED equipment, English as a second language. It was asked whether there was a leadership training for supervisors and specific training for key managers. Mona Beeson (MB) explained the different specific trainings for manager such as CPR trainings 2 times a year as well as security training, and self-defense training.

An explanation of the Balance Sheet vs. Capex Reserve was asked for. SH explained the Capex Reserve. MH stated that the Board feels that we are under funding the reserve and possibly need to increase the monthly assessment.

MH explained that he would like to reinstate the Capital Expenditure Committee and appointed Tom Mothorpe (TM) as chairperson and PB, SH, Linda Harper (LH) as the other members.

MH asked the room if anyone would like to join the committee and there were no volunteers.

He further explained that in the long term capex budget are items such as roofs, marcite in the pools, etc. and will share the recent capex study that was conducted by a local Quantity Survey firm, BCQS, with anyone that has an interest in reading it. It was mentioned that this would have been good to have had it prior to the meeting but it was explained that the report is still a work in progress and actually had been reviewed in depth by the Board the day prior and several items were removed and the report is still a "work in progress".

It was asked what the final cost for the new stair treads was and explained that it was \$30,500 and it had been previously \$4000 per year. The new treads prevent tile chipping, and slipping as well as the old treads would wear thin in places and look very unsightly. FM further explained that the insurance underwriters were pleased with the change and we were able to reduce insurance costs due to updated risk management efforts.

TM asked for an explanation of the intercompany accounts which SH explained that for example the management company will pay the power bill on behalf of the Strata Corp and then the Strata Corp will owe the management company.

SH stated that regarding the Retained Earnings he would like Patrick Van Hamme (PVH) to go back to 2004 when the accounting system was converted to the current program and try to verify exactly what that was once and for all if this balance was correctly transferred during the system conversion. PVH has investigated this many times, without obtaining a final answer. It was agreed that it would be appropriate this year to have this fully reconciled to all of the years leading up to the conversion date to the extent that that information is available. It would appear that because all other items are reconciled on the Balance Sheet that the only adjustment would be to the intercompany account.

MH stated that the end result is that we have a positive bottom line of \$41,000 as of December 2016. It was asked if that positive balance could be moved to the Reserve Fund which it was stated that it could and that we do have options regarding the balance. We can leave it there or vote to move to the Capex. It was explained that the surplus comes from the staffing challenges that were previously discussed and power and water savings. We have many cisterns on the property and are able to capture and reuse much of the rain water.

MH made the motion to accept the 2016 financials. DR seconded the motion. A show of hands was requested and unanimously approved.

Strata income statement April 2017:

As of April 2017 we are actually over budget but the Board hopes we will catch up in the coming months. PB explained that this is a spike as requirements from the Health Department and other projects. He further explained the Health Department recent requirements as the result of areas in the Basements that needed immediate attention due to a malicious manager who had contacted them with unfounded claims but the Management Company resolved the items however frivolous as they had threatened to close the resort.

It was asked if the new LED lighting around the resort has reduced cost but unfortunately they have just been installed and we have not yet done an analysis. Unfortunately, the brown outs and power outages make the timers have to be reset so you may from time to time see some lights out in various areas.

Capex review 2017:

PB detailed the Capex budget and stated while a great deal of the scheduled capex projects have been carried out, some projects have not been done yet as the resort has simply been too busy. These will be schedule for the slower period in the fall.

We have put in additional lighting and cut back a lot of the vegetation on the road as did La Vele and Point Grace resorts for safety reasons.

We currently have 21 palapas on the beach now vs. 23 typically. We also need to replace the posts due to deterioration. However, replacing them has been a problem due to the challenge of getting approvals back from government. One branch of the government had said yes, but one said no. The cost is estimated to be approximately \$30,000 to replace them including the 2 palapas we lost due to a storm.

Major Expenditures Budget 2017:

LED lighting for in the pools;

Rescue boat - we have 50 horsepower engine to sell, and a 25 horsepower one coming; BCQS Capex Proposal – this is the firm who completed the Capex study discussed earlier.

Foot wash – this is to be located in the area in the middle of the dune path where the Manager’s Cocktail party is held.

SH stated that he would like to add an item to the budget at the result of a very serious incident at the Palms where an employee had climbed to routinely remove coconuts from a tree and fell horribly to the ground. There is a machine that can be pushed in to small areas similar to a “cherry picker”. The cost of the machine is \$23,500 and this would be co-shared asset between the 3 resorts and it will lift the staff up without risk of injury. Detailed information on the machine will be circulated shortly. He further stated that the Management Company will also contribute to the cost of the equipment. The purchase was unanimously supported.

It was commented that the new pool cleaner and chlorinator have helped drastically.

It was asked if the resort has considered a night gate due to the recent crime incidents on island suggested that it should be considered. This will be further discussed during “Other Business”.

We are in the process of replacing the front doors to the units and are starting with the worst ones first. It was further explained that during a recent meeting of the Board, that we are currently ordering a certain number at a time however, if it is more cost effective to for example order 10 to obtain a price break, then it was approved to do so.

Additionally, the door lock system we have is 20 years old and antiquated and replacement parts are no longer available and eventually we will need to change the system out. It was commonly agreed to get a formal pricing on this and have it in the Capex.

The question of a new gym came up again and it was explained that the new gym proposal is on the "Wish list".

Election of the Strata Corp Board:

The ballots were distributed to those in attendances as well as those for whom they held proxies. FM explained that going forward we will have a Nominating Committee which he will chair and JH will be a part of as but if anyone else would like to participate, please let us know. All candidates present provided their background as well as FM read the bio of candidate Robert Adolph.

Election Results:

Re-Elected to the Strata Corp Board was Miles Hamm, Dolores Rogers, Stan Hartling and Linda Harper. Replacing Fred McClaine is Tom Mothorpe.

New Business:

MH read a list of questions presented by an owner.

Subject of grilling on your balconies: Per the Strata Corp By-Laws, grilling is not permitted anywhere on the premises either on your balcony or elsewhere. It was asked about perhaps a communal grill? There was one years ago but it was removed as it is an enormous challenge to keep clean, a fire danger, too many people wanted it at the same time, safety etc.

It is stated in the Strata Corp By-laws that a group of 10 or more needs Board permission to hold an event. It was explained that this policy is not the intent for groups or weddings not to hold events here or to have the management company seek permission for paying hotel guests but instead to be able to control the potential problem when units are owned or rented by full time residents that may hold parties or school events etc. It was suggested to create a more defined policy and this will be on the agenda for the December Board Meeting.

Pest control – are the chemicals being sprayed safe? There are different types of spraying i.e. roaches, ants, termites, bait traps, coconut tree treatment, and mosquito

treatment for Zika as well. We have been told that minimal exposure to the chemicals is safe; however our grounds staff does wear proper protective gear while spraying.

Outside Vendors on property – Has the Strata Corp officially approved Caicos Dream Tours sharing the Pool and Beach hut with our staff. MH highlighted that the Strata Corp had appointed the management company to make decisions on their behalf. It is important to note that Owners receive a 15% discount on tours. Some revenue does go to the management company but they also administer the guest billings for tours and handle the credit card fees etc in order to be able to ensure there is a great service to the guests in terms of watersports bookings.

Local purveyors are also setting up and selling items on the resort property and it is actually looked at as a benefit to our guests and we do not charge those vendors. A concern was expressed with the hair braiders etc. and while it was agreed, it is simply a fact of life. Concerns have been voiced to the police commissioner, premier etc. regarding beach vendors approaching our guests but please keep in mind it's not as bad as at some other resorts. PB stated that at the Palms, we spend \$5000 per month for two extra security personnel just to prevent vendors from approaching guests/owners. It was decided that vendors given proper permission are a benefit to the guests and it's a benefit to the community so it should continue in the present fashion. Nether the management company or the Strata Corp will charge them for the priviledge.

It was brought up that it seems that we never have enough on the beach or by the pools. MB stated that we currently have 34 umbrellas and 21 palapas on the beach and approximately 24 around the pools. It will be discussed at the December Strata Board Meeting whether this is sufficient.

Drones on the beach. We currently do not have a policy regarding the use of drones but MH would like it added to the welcome letter that we discourage the use of drones on the beach and they are not allowed on the property.

Rescue boats – we have had 3 new ones in the last few years. It was explained that the Skiff was sold years ago for \$1500; the inflated one will be sold; and the trailer is for the new boat. We do not have a maintenance contract for the boats but it was agreed that we can put one in place.

There seems to be a lot more debris in the sand and the staff are experiencing challenges trying to keep it clean by hand raking. Unfortunately, we are not allowed to

have machines by the government. Grace Bay Club is allowed as they have contracts with the government to do it. We did have the Kubota but it was seized by the government and it took 6 months to retrieve it. SH agrees that it is an issue and would like to write the government with the Palms and other properties as well as the Turks and Caicos Resort Economic Council to try to resolve the issue. It was suggested to create a petition to send to the owners and direct it towards the government. MH asked JH to draft a letter sent to the owners for this purpose.

It was requested that a definitive date for the AGM be set by January 1st so owners have enough time to plan to attend the meeting. MH asked JH to make sure this happens.

The subject of a security gate at the entrance from 10pm to 6am was brought back to discussion. Some feel we should have better security on the property and it was confirmed that this will also be on the Strata Corp Board Meeting Agenda. Additionally we will be adding more security on Sundays and holidays especially by the side close to Point Grace as those are the peak times that non-guests try to use the loungers etc.

In the future, if an election is necessary, we will be including a ballot with the proxies to make it easier for owners not present to vote instead of having to instruct their proxy how to vote.

Meeting adjourned at 11:58am