

Proprietor's Strata Corp #25

Annual General Meeting

June 26, 2014

Sands at Grace Bay Hospitality Lounge

Strata Corp #25 Board:

Dolores Rogers, Chairperson

Miles Hamm

Fred McClaine

Judy Long

Stan Hartling

Strata Owners in Attendance:

Norm Rogers

Jamie McClaine

Dan and Maureen Kelly

Louise Kaminer and Allan Greenberg

Brian and Alison Peck

Elisabeth Flamant

Pam and John Dixon

Brad Groshock, via phone

Management Present:

Pierre Beswick VP of Resort Assets

Mona Beeson, General Manager

Joan Hagan, Director of Owner Relations

Karen Gardiner, Financial Controller

Mike Michaels, Chief Financial Officer

Patrick Van Hamme, Chief Financial Officer

The meeting began at 8:40am as the Chairperson, Dolores Rogers (DR), called the meeting to order.

Stan Hartling (SH) introduced Patrick Van Hamme (PVH) as the Hartling Group's new Chief Financial Officer replacing Mike Michaels (MM) who is leaving as he has begun his own private consultant business.

DR asked Joan Hagan (JH) if we were able to establish and confirm the quorum which she did.

Variance Report:

PB stated that the total income actual was \$1.7M vs. the budget of \$1.711M which gave us a variance of \$10,000.

Explanation of the major variances:

Payroll variance was due to the fact that one of the employees is currently in Haiti.

The two areas of power - Common Area Power and Swimming Pool Power are such a great variance due to the fact that it had been budgeted for increases in the fuel factor, but the power company did not impose an increase, which resulted in a positive variance of \$14,600.

Pool & Beach propane – this variance is due to the increase in the outdoor temperature which has kept the water warmer than usual.

Common area water – we have been able to use the water from the cisterns from Building 3 which is chemically treated and passes all the health department standards.

General employee severance – PB stated that in 2012 there were issues with the government as far as severance for employees where they had increased the severance policy and we had not budgeted for that increase. However, in 2013 we budgeted for any potential increased payments and then they reduced it again.

Work permits – We were hoping that Adrian (pool and beach) would come back but unfortunately, he still hasn't. We have budgeted for his return in 2014 and for Christopher as well.

Common area power – We have changed the lights in the Common Area to LED lights, which has resulted in \$10,000 less in consumption last year. We are going to change over the pool lights to LED as well this year.

Maintenance security – We have brought in an outside company that goes between the three areas, The Sands, The Regent Palms and the Corporate Center and the cost is split between the three entities. This keeps would be trespassers not knowing when security may be present and hopefully deter any potential incidents.

Holiday pay – This was due to the wedding for the Prince of England which was deemed an additional holiday.

Benefits – PB explained that the NHIP cost was at 2.5% but was increased to 3% by the government and had not been budgeted for.

P&B swimming pool repairs – PB stated that we did have quite a bit of repairs in 2013.

P&B Equip and supplies – This variance was for the registrations of our Pool and Beach staff with DEMA and their required certifications and the new AED machine.

P&B Swimming Pool Supplies – The reason for this variance was due to the chemical changes in suntan lotions by manufactures which actually stains the towels and more chemicals are needed for the pools to keep it balanced.

Income utilities – PB explained that this is due to the increase in pest control and we also had a leak in the chase in Building 3 between two units. The increase in the Pest Control is due the fact that we are now treating the units inside for bed bugs as well as quarterly inspections by Radar (dog) and his owner/manager Carl. This is also cost shared with the Regent Palms as they have begun this preventative program as well.

The airfare costs are shared with other hotels participating in the program which lowers the overall costs.

PB asked if there were any questions:

Norm Rogers (NR) – asked if we really need 6 people on the landscaping staff? PB replied that yes we do as 1 member per acre is typically the norm. Their wage is only \$5.40 per hour. The Regent Palms decided to reduce the number by one and havoc ensued with the condition of the landscaping and that staff member has now been replaced.

Balance Sheet:

Mike Michaels (MM) stated that at the end of 2013 there was \$11,000 in the bank account; \$163,000 in the term deposit; resulting in \$174,000 total.

He further explained that we have \$194,000 in inventories vs. \$185,000 in last year. The reason for this is for air conditioning unit motors and pumps and we also didn't have any hurricanes last year so the inventory is higher.

The Total Assets are \$566,916 vs. \$488,973 last year.

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

DR made the motion to accept the Financial Statements for 2013 and Judy Long (JL) seconded the motion. A show of hands was requested and unanimously accepted.

2014 Income Statement Variance:

The major difference in this amount is the cost of the Property and Liability Insurance which has decreased.

Supplies – this variance is because we now use an automated chemical system. This system is used in Hemmingway's pool only and is working well.

Recruitment – this variance is due to the fact that we had planned for the two Filipino staff (Christopher and Adrian) to return, but as of today, they still have not been able to.

Housing & Utilities – again, this expense was planned for the two Filipino staff.

Hot tub & Pool Propane – the temperature has been quite warm and the heater has not been needed as budgeted.

Income utilities- this is due to the increased occupancy.

Payroll P&B – The Supervisor that was recently hired did not meet the criteria needed for the position and was let go. PB reminded that we are still trying to get Christopher and Adrian back and we have been trying to recruit locally, but it's been quite difficult.

Gen – Management Fee – this is due to the variance in the Property and Liability insurance expense. The assessment is lower thus the Management Fee is lower.

Employee relations – this is for Employee Service awards, etc.

CA water – this expense is due to a leak in the water main, little to no rain, and we had an issue in the irrigation plant.

Umbrellas – this expense was placed in operations account instead of the CAPEX. It was decided to utilize the operation funds instead of capex due to savings in the insurance expense.

PB asked if there were any questions:

SH asked that in the top summary area – if they could break the insurance variance out of the amount, as we have a \$70k savings in insurance this year and should be more easily reflected.

2014 YTD Balance Sheet

We transferred \$45,000 from term deposit to the major reserve as per the Strata Corp Board's decision at the last Board Meeting.

PB asked if there were any questions:

SH asked about the prepaid insurance. PB explained that this is for the water sports equipment and the Kubota and the timing of those items and that they amortize the expense over 12 months.

2014 CAPEX

PB explained that the balance brought forward from 2013 was (\$137,270) and that the total amount in the CAPEX Reserve is \$268,461.

The funds allocated for lighting are for security purposes.

Misc. – CCTV – this is not only for cameras on our property but also for some on Grace Bay Road which helps improve the safety of our guests as well as those at other hotels.

Hydrants – We are having to change the hydrants due to the age of property.

Green house roof repair – PB explained that we have begun a major greenhouse at the Hartling Group Corporate Center and this will allow both properties to start nursing their own plants.

Doors: We will be replacing the doors of the units as some are badly rusted and deteriorating. 1304 has had the new sample installed. We are also getting another sample that will have a screen. The replacement door project is a CAPEX expense, but once installed, the upkeep of it will be an owner's expense.

P&B – furniture: the new pool and beach loungers have silver frames. We have stripped down the old, white ones down to the silver frame and they now look new. We also have had more tables brought in.

Hobie cat hulls: 2 were purchased. The old rescue boat is currently for sale, and when it does sell, it hopefully will reduce this amount.

The Year to Date CAPEX Reserve Balance is \$187,303 and so far this year we have spent \$81,000 and PB foresees us spending \$107,000 for rest of year.

PB asked if there were any questions:

DR inquired as to the painting of the buildings and she thought we were doing the railings. PB explained that we have \$16,000 allocated to do the railings; however, we are having trouble finding someone to do the project.

SH asked if they could make the summary at top a complete summary and not to use brackets unless it's a negative number.

Proposed By law Changes:

SH asked if anyone present had any questions about the proposed By-Law changes.

LK asked about proposed change number 5 which is the pet regulation and feels it is too extreme. Discussion took place regarding the reasoning for the amendment to the clause. It basically is make certain that owners are not feeding the feral animals that wander on the property; cleaning up after their pets and not walking them through the Common Areas, leaving the feces behind. LK feels that owners should be able to walk their pets through the Common Areas as long as they are leashed and that owners are held responsible for the actions of their pets. Unfortunately, the proposed wording of the Clause could not be amended as votes were already submitted by owners not present and it would not be valid to change the wording on something that someone has already read and voted on.

Voting Commenced.

Re-Election of the Strata Corp Board:

While the votes were being tabulated, JH explained the Re-Election of the Board. Communications were sent out to all the owners over the past months, asking if anyone would like to put their name forward for consideration for a position on the Strata Corp Board. Since no one did, the existing Board was asked if they would like to remain, to which they all agreed. JH announced that the existing Board will all remain and that DR has agreed to stay on as Chairperson.

Due to the length of time for tabulation, a break took place to allow more time for the tabulation.

Once the meeting resumed, Mona Beeson (MB) gave an update on some management areas.

Brian Peck (BP) asked what measures are being done for energy conservation. SH/PB explained.

SH stated that we need to find a simpler solution for shutting off the a/c systems. They tested the "Energy Eye" at the Regent Palms and they found some systematic and operational malfunctions with it. They will continue to research.

By-law Results:

SH further explained the amendment of change 11. Anyone wishing to change their vote could do so at this time.

The following proposed clauses were accepted by Strata Corp #25:

3. At Clause 2.1 (d): "repair and maintain the strata lot (including but not limited to its interior walls, floors, ceilings, doors, windows, electrical, mechanical and plumbing fittings but inclusive of structural elements, common to two or more strata lots) and keep it in a state of good repair, reasonable wear and tear and damage by fire, storm, tempest or act of God excepted."

6. At clause 2.1 (hh): "not have any waterbeds within the strata lot."

7. Add clause 2.1 (ii): "not have any fish tanks within the strata lot except without the written consent of the Corporation, which consent may not be unreasonably withheld."

8. Add clause 2.1 (jj): "not operate or store any barbeque or other grilling, smoking or outdoor cooking devise on or within the strata lot or within the Development or in a designated are (if any) made available by the Corporation of the common use of strata lot Proprietors."

9. Add clause 2.1 (kk): "not to use the common property for a private party or organized event for more than ten (10) invitees without the prior written consent of the Corporation. For the avoidance of doubt, the strata management company will require permission from the Corporation for duly organized events."

10. Add in clause 2.1 (ll): "Be responsible for the prevention of pest in the strata lot by permitting the Corporations agents to enter the strata lot for the purpose of pest control prevention on a regular basis."

11. Add in clause 3(f) (i): "(i) insure the strata plan against such risks by effecting such policies of insurance as it shall from time to time deem necessary with such insurance company of repute as it may decide in an amount or amounts equal to the full replacement value thereof with deductibles of up to 10%. The Corporation may vary the deductible from time to time as it thinks fit. For the avoidance of doubt policies of insurance shall for this purpose include each and every strata lot for the time being contained therein, together with the common property and all erections, buildings, now or hereafter standing or installed thereon or therein and keep it insured against loss or damage by riot, and commotion, fire, explosions, storm, flooding, hurricane, earth quake impact of damage caused by aircraft or items dropping therefrom including but not limited to, demolition and clearing costs and survey, architectural and legal fees. Strata unit coverage shall be coordinated with the common area coverage so that all potential insurable losses (less deductible amounts) are covered. Strata unit coverage shall be a separate coverage for the interior finishes and fixtures of the

Unit and shall be billed to each proprietor individually and in the same manner as the common area general property and liability insurance.

Wording on the remaining, not approved clauses may possibly be redone by the attorney and put forth for a vote at an Extraordinary General Meeting in the future.

As this concluded the Strata Corp #25 business, DR officially adjourned the meeting at 12:30pm.