

Strata Corp #25
Annual General Meeting
June 23, 2016

In attendance:

Strata Corp Board:

Dolores Rogers, Chairperson

Miles Hamm

Fred McClaine

Linda Harper

Stan Hartling

Owners in Attendance:

Dale Brown and Barbara Berger

Marla Yoss

Dan and Maureen Kelly

Judy long

Jamie McClaine

Brad Groshok

Robert Demers

Norm Rogers

Elisabeth Flamant

Elizabeth Hamill

Corinne and Jim Labagnara

Sands Management:

Pierre Beswick, VP of Resort Assets

Patrick Van Hamme, Chief Financial Officer

Mona Beeson, General Manager

Joan Hagan, Director of Owner Relations

Karen Gardiner, Financial Controller

The meeting began at 8:45am with the welcome by the Chairperson, Dolores Rogers (DR).

DR asked Joan Hagan (JH) if we had a quorum to conduct the meeting. JH explained the criteria of the quorum, which is we need 50% of the owners represented either by proxy or by presence in order to hold the meeting. JH confirmed that we did indeed have the quorum.

Income Statement December 2015:

The net result was a positive balance of \$14,008.

Variance explanation by Pierre Beswick (PB).

Payroll Pool & Beach: this is due to the supervisor that we wanted to have. Christopher's permit is still being denied and Berthold has left the island.

Common Area Power: The added fuel factor has dropped significantly.

General Insurance: this is due to the fact we included business interruption insurance coverage to the current insurance policy and was directly billed to the owners.

Payroll Security: We had one security supervisor out sick for an extended period of time and Victor has been dismissed. We did have to outsource the security and will be explained in more detail later.

Pool & Beach Power: Again, due to the fuel factor decrease.

Hot Tub Propane: this was as a result of not having to heat the main pool due to higher temperatures.

Maintenance Allocation: Part of this was the fact that Derek Grant, Property Manager had left. PB announced the resignation of Andy Robinson, Facilities Manager, which will have a significant impact to the resort. He is leaving for a more structured position with the Government.

Maintenance Security: As mentioned above, this was for outside security and had to be done as the result of losing one of our security supervisors.

Common Area Water: We did have a major leak in 2015 and a small one in 2016.

General Management Fee: This is directly related to the insurance.

Beach Equipment and Repairs: This is for the work on the palapas and a technician to work on rescue boat.

The total variance is \$25,112. PB stated that we were budgeted to be negative \$11,104 and we were positive \$14,008.

Balance Sheet

Karen Gardiner (KG) explained the Balance Sheet as of December 31, 2015.

The total assets were \$621,731.00.

The total liabilities were \$138,725.00.

The total equity was \$483,006.00.

Total liabilities and equity \$621,731.00.

Linda Harper (LH) questioned the prepaid expenses total. It was found that there was an item missing which was Prepaid Insurance in the amount of \$6645. KG will update the Balance Sheet and resubmit.

Miles Hamm made the motion to accept the financials once corrected. LH seconded the motion. A show of hands was requested and unanimously approved.

Strata Income Statement as of April 2016

PB explained the Strata Income Statement.

Total Income was \$471,516 vs the budget of \$464,770; Total Payroll & Related was \$169,189 vs the budget of \$168,893; Total other Expenses was \$306,844 vs. the budget of \$329,673. The Net Result was -\$4517 vs. the budget of -\$33,796, the resulting in a variance of \$29,279.

Total expenses: Patrick Van Hamme (PVH) explained general management fee variance which was as a result of savings on the insurance.

Power: Again, this is due to the fuel factor reduction.

LH asked if we are seeing a trend with the fuel factor reduction. PB said he hasn't seen any change in the current trend.

Fred McClaine (FM) explained his position in regards to the insurance policies. As per the insurance disclosure he does not receive a fee from the Strata board for his services in reviewing the insurance coverage and quotes. The rate of insurance 6 years ago was \$1.15 compared to \$.55 now. We are now using a UK based provider vs. Jamaican previously. He feels it will eventually go up if hurricanes hit the Caribbean. However, we have been very fortunate in recent years. He also feels that we are currently at the bottom of the reduction trend and the possibility of increases is there. In addition to the overall rate reduction, we do receive a discount as we insure for 3 companies resulting in more savings.

Payroll Maintenance: This is due to the purchasing agent overlapping with the previous for training purposes and also he needed additional help.

Norm Rogers (NR) asked about Hospitality Lounge repairs: Pierre Beswick (PB) explained we are under budget in this expense as it is rented more frequently to outside companies and the lounge is cost shared with the Management Company.

PB asked any questions to which there were none.

SH added an explanation of the negative budget amount and that it is based on timing and expect the expenses to change by the end of the year.

Balance Sheet as of April 2016

KG explained the Balance Sheet as of April 2016.

Employee advances: PB stated that at the Pre AGM meeting yesterday we explained about the old furniture sales and this is to create a fund for employees in need so that doesn't have to go through the Strata Corp.

Prepaid expenses: This is the same issue as described earlier. The statements will be corrected and resent.

PVH stated that there will be a special assessment for the new beach furniture as approved by the Board previously.

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

YTD CAPEX

PVH stated that there is not a lot of movement in the budget so far.

Only a few budget items have been spent. Some of these are the parking lot striping and patching and lighting fixtures on the buildings and accent lights.

PB commented that we have teak sample garbage bins arriving shortly for the Shore Club and we will look at them for use possibly here.

Pool and beach: this is for the Pool and Beach hut cabinets and some umbrellas.

Miscellaneous: PB commented that the Zayaks are not a big hit, but paddle boards seem to be the trend.

Major Expenditures

Railings: We are going through the resort and redoing the railings. We found a different process being done at another resort which is going to save us \$250,000.

Front doors and patio frames: we will begin this work as soon as we can during the shutdown. We will start with the worst ones first in this round. Brad Groshok asked about any plans to replace the patio doors. PB will look in to that as well.

We are currently looking for a new Kubota as ours cannot be repaired any longer. We are currently borrowing the palms when needed.

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

Reserve fund:

PVH explained the Major Reserve Fund Wish List.

DR asked if there were any questions:

FM asked about the chaise lounges and when the owners were to be assessed for this expense since the Management Company has already paid for them in full and they have arrived and are on the beach. The assessment has been approved by the board and the owners will be notified and it will be reflected on the next statements. We paid \$107,000 for 140 loungers and chairs.

Norm Rogers (NR) asked about any other work that will be done during the shutdown and if there will be an assessment on any of those. PB replied no, there will not.

Jim Labagnara (JL) asked about management payroll and if any of their salaries are paid by Strata Fees to which it was explained that no, they are not.

Any Other business:

Hemingway's:

SH been speaking with Terry Drummey about the rear walkway as you approach the back of the building and they would like to create a new entrance and enhance the pathways. SH would like to work with the Board to get their approval to proceed and this cost will be shared with Oceanside Marketing and Hemingway's. FM reminded everyone about the large amount of restaurant suppliers that go through there and that adds to the large amount of traffic through that area.

SH stated that he understand that and has had our architect for suggestions. FM made the motion to approve SH's plan, MH seconded. A show of hands was requested and unanimously approved.

Discussion on the presence on the beach.

Owners have commented on the lack of supervision at the pool and beach area. It was suggested for a possible incentive plan and surveys to be randomly done by the owners as they are mostly on the beach daily. It was also suggested to get interns to assist with the lack of permanent staff. MB stated that we have contacted the Community College, etc. but people just don't want to work on the beach as it is so hot. LH asked for a one page document with the talking points about the challenges with hiring local staff and it should include the email addresses of the appropriate individuals so that the owners can inundate those that can assist with urgent requests to see if that may stir things up with Immigration. This should be provided to the owners within two weeks.

Dale Brown (DB) asked if the Hemmingway's pathway enhancement would result in a possible increase in strata fees. Everyone was in agreement that it could possibly.

Jamie McClaine as about new pads on the pool loungers. PB stated that they are constantly changing them out and it is \$140 first cost for the pads. The Palms has a refurbishment department and they are very good and they are finishing their refurbishment and once that it is completed we will be sending our pads to them for mending, etc. SH has allocated a large area at the corporate center to facilitate this.

Election of the Strata Board:

After all the ballots/proxies were tallied, the result was that all of the existing_board members have been re-elected. After the meeting, it was announced that MH is the new Chairperson.

11am the Strata Plan #25, 2016 Annual General Meeting officially closed.