

Minutes

Strata Corp #25 Board Executive Committee Meeting

9:30 a.m., December 9, 2021

The Sands Hospitality Lounge

In Attendance

Strata Board:

Tom Mothorpe

Linda Harper

Stan Hartling

Via Zoom:

Miles Hamm

David Stewart Patterson

Management Company:

Patrick Van Hamme, CFO

Lincoln Martin, Financial Controller

Mona Beeson, General Manager

Joan Hagan, Director of Owner Relations

Marc Romkey, Commercial Asset Manager

Via Zoom:

Pierre Beswick, VP of Resort Assets

Miles Hamm (MH), Chairman opened the meeting at 9:07am.

2022 Budget Review

Pierre Beswick (PB) reviewed the draft budget. He noted that Covid has skewed both revenue and expenses over the past two years. In comparison with 2019, the last pre-Covid year, total expenses for 2022 would be 8% higher than three years earlier. Within the total, administrative and maintenance costs will be flat, while payroll and

related costs will be 12% higher. Insurance costs have risen steadily and will increase by another 5% this year.

PB explained that the opening of new resorts, notably the Ritz Carlton, has led to significant competition for experienced employees across TCI. Strata and management employees have been poached by other resorts. Management will be reviewing salaries on a quarterly basis and will adjust if necessary to retain employees.

Based on the budget, Linda Harper (LH) made a motion to increase Strata Fees by 2%, to be communicated to owners prior to the January statements. This 2% would cover both the deficit incurred last year as a result of the temporary Covid-related strata fee reductions and this year's anticipated increase in costs. MH seconded the motion and it was passed unanimously.

The Board agreed to monitor actual costs on a quarterly basis. MH suggested that if the current pace of salary inflation continues or worsens, strata fees might have to rise further.

2021 Capex

PB noted that 2021 Capex was \$49,000 over budget, with an unexpected \$12,000 for roof repairs and \$26,000 for Waste Water Treatment Plant repairs causing the overage.

The Board requested that going forward, anything in the Miscellaneous column **over** \$5,000 be listed as a separate line item.

2022 Capex

It was suggested that with resort occupancy returning to more normal levels, owner contributions Major Capital Reserve should be reinstated for 2022. The goal is to bring the Major Capital Reserve up to \$500,000 in the next year to year and a half. LH made a motion to reinstate the Major Capital Reserve in 2022, seconded by David Stewart-Patterson (DSP) and approved (Tom Mothorpe dissenting).

There was considerable discussion about the 2022 Capex budget and individual items. In particular, the elevator in Building 3 requires a major overhaul. Further discussion on Capex items was deferred to a follow-up Board meeting in February.

VRBO

It was noted that one owner has continued to rent out his unit independently in defiance of both strata rules and the Strata Management Agreement coming into effect on Jan. 1, 2022. The EC agreed to standardize locks across the resort to ensure that all owners and guests check in and out at the front desk. After reviewing the

strata lawyer's opinion on the matter, the EC also agreed to send a formal letter to this owner, both notifying him of the planned lock change and noting that resort facilities are reserved for owners and registered guests.

AGM 2022

The Board agreed to hold this year's Strata Lot #25 Annual General Meeting on June 9, 2022.

New Pool Deck

One EC member noted several grease stains on the new decking around the pool. Hemingway's has a similar issue in spots. The EC directed management to investigate and report back with potential solutions.

Beach Access Development

The EC discussed the issue of commercial development at the various Beach Access points that is being proposed by TCI government. As these proposed changes could impact the east end of the Strata Lot, the EC agreed to request further information from the government and alerting it to our possible concerns. DSP and SH to draft.

Property and Liability Insurance

Patrick Van Hamme (PVH) stated that the insurance policy will renew on February 1, 2022. It is estimated that there will be approximately a 5% increase in cost, due to the fact that Chubb Insurance is not insuring resorts in the Caribbean any longer. Additionally, a new valuation of the property is needed.

Retirement Program

The EC approved a Retirement Program to be offered to employees with long tenure after the age of 65, providing a retirement gratuity of \$500 for each year of service, up to a maximum of \$7,500.

Building 3, 3rd Floor Sealant

Marc Romkey (MR) was asked to look at the entire area as there is some discoloration.

Notice to Owners

Joan Hagan (JH) and DSP were asked to prepare a letter to owners outlining the change in Strata Fees and the reinstatement of the Major Capex Reserve contribution, to be sent in January.

Adjournment

The meeting was adjourned at 12:06 p.m.

