



THE SHORE CLUB
TURKS AND CAICOS

Strata Corp #125
Annual General Meeting
May 5, 2018

In Attendance:

Board Members:

Christian De Grace

Charles Dickson

Stan Hartling

Steve McMurray

Mitch Zajac

Management:

Pierre Beswick, VP of Resort Assets

Patrick Van Hamme, Chief Financial Officer

Karen Whitt, VP Sales and Marketing

Frits Hannenberg, General Manager

Joan Hagan, Director of Owner Relations

Tracy McKenzie, Group Financial Controller

Raymond Yip, Director of Revenue

Mark Nielsen, Shore Club Financial Controller

Unit Owners:

Peter and Deborah Jones

David and Suzi Pendergast

Larry and Judy Olson

Tim and Jan McConville

Tom and Peggy Perlewitz

Gregs and Mettie Thomopolous

Maggie De Grace

Wanda Zajac

Brenda McMurray

Prior to the official start of the Strata Corp #125 Annual General Meeting, Stan Hartling (SH) began by thanking everyone for attending the 1st Annual General Meeting and that they would like to start by giving two presentations prior to the official beginning of the Strata Meeting as many owners have non-Strata related items that they wish to discuss and he has found that by addressing those beforehand, many questions are answered before the meeting even begins.

SH proceeded to describe the different areas of the resort: Strata Areas, Management Company Assets, and Shared Common areas.

Karen Whitt (KW) made a very detailed and extensive presentation to the owners of all the various Sales and Marketing initiatives:

As far as internet bookings, Google is the number one channel for reservation bookings.

KW further described the booking strategies, timing of bookings, direct bookings vs. wholesale travel agent bookings, global yield and the occasional overbooking situations that affect your unit reservations and rates.

While owners cannot view when their units are reserved on the new owners' website, we will create a section that will highlight the best times to use your unit, high demand periods, and when is the best time not to use your unit.

It was asked if the Shore Club rates are close to the Palms and KW replied that we are in fact getting closer.

It was also asked if it was possible to add more information on the monthly financial statements reflecting more information on the rates. Patrick Van Hamme (PVH) stated

that we will be changing our Property Management System software system in August and the new statements will show the room revenue and then the revenue split per booking instead of just the net amount as is currently shown on the statements.

The question arose as to who to contact for things that owners see around the resort as well as for things that might need attention in the individual units. SH stated that if there is something Outside your unit, please contact Frits Hannenberg (FH), General Manager and if you have something Inside your unit, to please contact Joan Hagan (JH).

At 5:40pm, SH began the official start of the Strata Meeting and asked JH if we had established a quorum which is needed in order to hold the Strata Meeting. She explained that we have 38 condo unit owners so we needed 50% (19) of the owners either present or via proxy in order to conduct the meeting, which we did.

Review of the 2017 Strata Financial Statements:

PVH- highlighted that fortunately the results for 2017 reflect a positive surplus of \$77,741 from budget

SH explained that the revenue from Maintenance is under budget as we did not initially bill for work orders as they were still being handled by our construction team as part of the unit punch lists.

SH explained that there is a mark-up on the utilities to cover for line loss which occurs from the main meter to the sub-meters and any income from the mark up goes directly to the Strata Corp and NOT to the Management Company.

Security is over-budget due to the fact we needed to hire outside security versus in house security.

Directors and Officers (D&O) Liability Insurance was not billed in 2017 as they had not officially formed the Strata Board.

The allocation for Gym expense is directly related to the absence of a full time Gym Instructor that had been budgeted for.

It was asked how the Management Fee is calculated. It is a fixed fee for the Management Company to manage the Strata Corp, instead of the 17% of Strata Revenue as it is in one of our other properties. Thus giving the Management Company the incentive to keep expenses under budget.

Landscaping Payroll is under-budget due to the inability to obtain work permits for candidates and having to use casual laborers.

The expenses for the Pool and Beach area are split on a 50/50 basis with the Management Company. Except for those directly related to the pool (repairs, chemicals, etc)

Before moving on to the 2018 Strata Budget, it was asked if there were any questions, to which there were not.

Review of the 2018 Strata Budget:

PVH- highlighted that the 2018 budget will not have any increase in Strata Fees over 2017 but that due to increased occupancy over 2017 some expenses are expected to be higher thus bringing the results to a budgeted breakeven approximately .

Income from utilities will increase due to increase in occupancy.

Direct contracted Security is budgeted to be higher than 2017 as we plan to hire more security and use outside security personnel less.

Total Other Expenses is related to the increase for the Sewage Treatment Plant that we did not have correctly allocated in 2017.

Before moving on to the Hurricane Irma Information, it was asked if there were any questions to which there were none.

Hurricane Irma Insurance Claim:

PVH explained that there are three portions to the insurance claim: Interior Damage, Exterior Damage, and the Business Interruption Claim.

Each owner will be billed for any damage to the Interior of their individual unit. Then the Exterior Damage will be billed by each unit owner's strata entitlement as will the Business Interruption Refund. It has been decided by the Board not to assess the individual owners, but to use the reserve funds built up to pay for the exterior damage.

It was asked if the unit treatment for mold was included in the Interior Hurricane Damage claim, but it was confirmed that it is not. That will be an individual charge assessed to the owners. Paul Rennie, Senior Project Manager, flew the technician that was specially trained in the procedure to the island so that he could train them in applying the treatment which ultimately reduces the cost of the application process.

There was no additional mark up on the repair work from the hurricane. It was simply a cost recovery. These charges will be reflected on your March statement.

The amount of the assessment for the Exterior damage is \$373,268.50 and will be allocated to the reserve fund.

Business Interruption Claim – this insurance is for if the Strata Fees. This refund will be credited to the owners on a prorata basis based on unit entitlement.

Reserve Funds:

The balance in the Reserve Funds as of December 31, 2017 was approximately \$313,000. The income received for the first four months of 2018 added to that balance, brings the total balance in the reserve to approximately \$357,000.

The Strata Board has made the decision to apply the balance in the Reserve Fund to the Exterior Damage amount of \$373,000 leaving a negative balance in the Reserve of approximately \$16,000.

Additionally, the Board has made the decision to increase the Reserve Fund assessment from \$1.14 per square foot to \$1.75 per square foot effective April 1st 2018 so you will see a slight increase in the monthly assessment. CD further explained that the Board will split the amount of the reserve in to a Capital Expenditure Reserve and a Major Reserve as from January 2019.

David Pendergast requested that the Board take the time to review in depth the future capital requirement needs for the property so that a string reserve can be built up over the next few years in order to avoid special assessments. The Board agreed and said that this items is on the agenda for the Board meeting later in 2018 and the new assessment amounts for 2018 will be based on those findings.

The Strata Corp #125 Annual General Meeting officially adjourned at 6:35pm.