



Strata Corp #25
Annual General Meeting
Thursday, June 13, 2018, 8:30am

In attendance:

Strata Board Members:

Miles Hamm, Chairperson
Linda Harper
Stan Hartling
Tom Mothorpe
Dolores Rogers

Sands Management:

Mona Beeson, General Manager
Pierre Beswick, VP Resort Assets
Karen Gardiner, Financial Controller
Joan Hagan, Director of Owner Relations
Tracy McKenzie, Group Financial Controller
Patrick Van Hamme, CFO
Karen Whitt, VP of Sales and Marketing
Mark Wilkinson, Property Manager

Owners:

Belinda Bloxsom

Barbara Berger and Dale Brown

Robert Demers

Pam and John Dixon

Elisabeth Flamant

Brad Groshock

Elisabeth Hamill

Dan and Maureen Kelly

Judy Long

Yvonne Mothorpe

Paul McAteer

Sarah McAteer

Brian and Alison Peck

Norm Rogers

Roger and Kristie Ziontz

The AGM meeting format was changed this year to where the meeting began with discussions on Non-Strata related items, a presentation from Karen Whitt, VP of Sales and Marketing on rate strategy and resort promotions, continuation of the flooring project, energy conservation, Owner's Questionnaire, Housekeeping Management and Accounting issues. These notes will be reflected on the Owner's website as they are not part of the formal Strata Meeting.

Strata Corp #25 Annual General Meeting

The meeting began with the welcome from Miles Hamm (MH), Strata Board Chairperson.

He began the meeting by thanking the Management Team for their swift actions to return the resort as best possible immediately following Hurricane Irma.

The establishment of a quorum followed. It was asked as to how that was established. Joan Hagan (JH) explained that 50% of the owners need to be present or represented by Proxy in order to conduct the meeting and that number was satisfied.

2017 Strata Income Statement December 2017:

Security is high as Management was asked to increase security on the beach especially on holidays.

Pool and Beach Maintenance exceeded budget as AIB Pool Company was contracted to provide pool chemicals and equipment. There was common consensus that the condition of the pools has greatly improved

The Payroll Landscaping variance is a result of putting the resort back together following Hurricane Irma.

Stan Hartling (SH) asked to change the format of the listing the variances to change from having the positive numbers in () as it makes it easier to understand.

In 2017, the Management Company increased its contribution for Pool and Beach from \$20,000 to \$27,000. It was also explained that the Management Company also has Strata Lots: 2 for the Lobby, Hemingway's, and Laundry facility building and pays Strata Fees accordingly.

MH stated that the Strata Corp has a 25 year Management Agreement with Oceanside Marketing and while it is not up for renewal as yet, the Board is in the process of reviewing the contract and renegotiate some of the items. The Board will explain this in further detail later next year with a goal of having a new updated agreement finalized before the next AGM.

Balance Sheet

Karen Gardiner (KG) reviewed the Balance Sheet items and changes as of December 31, 2017.

2018 Strata Income Statement April 2018

Common Area Power is lower than budgeted due to the drop in the fuel factor.

Subcontractors is over budget due to the lack of personnel.

NHIP is higher due to the fact that the Government is now taxing the Service Charge for employees.

It was suggested that as we move toward the off season that the level of beach security be reduced to help mitigate the variance in the cost.

Balance Sheet

KG reviewed the Balance Sheet items as at April 30, 2018.

2018 Capital Expenditure

PB reviewed the Capex Budget.

Included in the Budget is the “Wish List” which lists the elevator for Building 3. The elevator company has said that it does need to be done, but it is not a Life Safety issue at this point so this may move to next year. MW to obtain a revised quote for the hydraulic system for the elevator.

One area that does need addressing are the pool decks. This evaluation would include not only the decking but the substructures as well. SH suggested a material called “Resista” that is currently being used at the Shore Club. It is a synthetic material that looks like wood, comes in many colors, and is cool to walk on. SH to show the Board the product and obtain cost. It was commonly agreed that the decking should take priority over many of the other suggested Capex items.

SH mentioned need concrete resurfacing of middle and small gardens grotto areas.

PB to go back to BCQS and update their findings.

PB stated next year 2019 CAPEX budget needs to be higher for Grounds, and Treatment Plant. For Treatment Plant need to keep 10 motors in stock.

MH stated that he feels there is not enough funds in the CAPEX. Luckily, the Insurance Company paid for the roofs that were previously scheduled in the Budget.

It was asked of the owners present whether they would prefer to keep the monthly strata fees low, and do an assessment to better fund the CAPEX or to increase the strata fees and avoid an assessment. There were mixed responses with the majority implying that they preferred to have a larger Capex built up from monthly assessments

Before this can be decided formally, the CAPEX Budget needs to be redone and from there new assessment levels will be decided by the Board

SH highlighted that having a proper Capex balance in reserve not only helps avoid future lump sum assessment for larger projects but also serves as an important source of emergency funds for emergency events like major Hurricanes. SH stated that the Management Company put \$500,000 in to the account to help the resort running faster after Hurricane Irma but had it not been able to do so quickly to assist, many of the repairs might have been substantially delayed because of the scarce availability of labor and materials post storm.

A formal request will go to the owners to obtain their feedback.

Reserve Fund:

PVH and PB explained the report. At this point, we should have approximately \$100,000 in the Reserve Fund at the end of the year.

Hurricane Assessment:

There was \$868,000 in total damages; the insurance company reimbursed \$413,000; resulting in the balance of \$455,000 for the total assessment. This equates to \$3.40 per square foot and then added \$.10 contingency, equaling \$3.50 per square foot to be assessed to each owner for the exterior property damage. Insurance does not cover landscaping damage.

SH explained that a few years ago, the suggestion arose to insure the Strata Corp in the event that the resort would experience a significant closure and the Strata Corp would not have an operating facility. This is covered by Business Interruption Coverage. The Strata Corp was awarded 4 weeks of Strata Fees less the 2% deductible in the amount of \$73,000 which equals a credit of \$.55 per square foot to each owner.

Any damage to the Interiors of the individual units will be billed as work orders directly to the unit Owner.

SH explained how the funds donated to the staff were allocated and distributed. Each employee claim was first evaluated; then they were weighted by amount of damage, length of tenure and if they had children. Any staff member living in the corporate housing was automatically disqualified as their needs were covered already by the Management Company. The Management Company then purchased gift certificates from Do-it Center and Quality Supermarket and distributed according to the weighting system. This process worked very well and will be the new format going forward.

Owner Pool and Beach Usage at the Sister Properties:

MH suggested that MB to work with Hartling GM's for a limited number of daily pool and beach passes program for The Sands, The Palms and The Shore Club guests to use all three property's pool and beach to further enhance guest experience.

Crime Update:

SH gave an update on the efforts on the island to reduce crime from the National Crime Prevention Fund. The Strata Corp had made a donation to this fund along with the Management Company and other major Resorts.

- There has been a new Call Center created to better facilitate the 911 calls.
- The police will soon be armed with Tasers.
- The police will have "body cams".
- A new vehicle was purchased for the police so that they search for people without being spotted.

Strata Corp Board Size:

MH explained that it had been requested by an owner to increase the size of the Strata Board as there was an owner who wants to participate, but didn't want the process of an election thus possibly resulting

in the removal of one of the existing Board Members. This would mean that the Board would need to increase from 5 to 7 as you cannot have even numbers for voting.

The current Board met on this issue and it was decided to keep the number of members to 5 as more than that has been proven at other resorts to not work properly.

All of the current Board Members were re-elected.

Alison Peck requested the date of the next AGM be set at this time. The date for the next Strata Corp #25 Annual General Meeting will be on Thursday, June 14th and will continue to be held on the second Thursday in June going forward so all can plan accordingly.

The Strata Corp #25 Annual General Meeting adjourned at 1:45pm.