

**Strata #50 Annual Board Meeting
Monday, May 15, 2006
The Palms**

The Annual Board Meeting was held May 15, 2006 at the Corporate Center.

In Attendance:

Board Members

Stan Hartling, Acting Chairman (SH)

Catherine Caldwell (CC)

Tim Webb (TW)

Doug MacKenzie (DM)

Peter Kirby (PK)

The Palms:

Darren Law, Managing Director (DL)

Steve Hegewald, Chief Financial Officer (Steve)

Joan Hagan, Director of Owner Relations (JH)

The meeting was opened at 8:45am with a welcome from Acting Chairman, Stan Hartling.

Appointment of Chairman:

It was agreed that Stan Hartling (SH) would chair this meeting as it was the first but that an alternate Chairman would be elected during the meeting to carry out this role going forward. This was unanimously accepted. SH then nominated Tim Webb (TW) for Chairman. TW accepted the nomination. Catherine Caldwell (CC) and Doug MacKenzie (DM) seconded the motion. A show of hands was asked of those present and unanimously accepted.

Review of Strata Related Documents:

Bi-Laws:

SH began with a review of the Amended Bi-Laws that were originally attached to each Sales Agreement.

TW asked SH if there were any pending litigations at The Palms. SH replied that there weren't any at this time. SH said that he has however asked the insurance company to look at an additional umbrella liability policy to cover the resort, as the present coverage is only the \$3,000,000 liability required in the Bi-Laws. TW asked if owners need to take out additional liability insurance. SH said that although it is stated in the Rental Management Agreement, it is redundant in that all owners are named under the General Liability Policy. Therefore this has not

been enforced. Most Owners carry a home owner policy which also provides some liability cover automatically.

Strata Management Agreement:

Steve distributed and covered a detailed review of the Strata Management Agreement. SH stated that the Strata Management Agreement is basically the same as The Sands Strata Management Agreement which has been in place since the inception. The Management fees are based on a percentage (17%) of the approved annual Budget Assessment (Operating and Insurance). It is done this way (rather than on actual year end expenditures) so that the Management Company is not rewarded for any Budget overages, nor punished for any savings from the approved Budget. The second portion is the Strata Lot fee which is a smaller component based on per lot charge which is typical in this form of Agreement. All fees are clearly shown in the Budget.

The fees include all Management and Accounting costs and SH confirmed that no charges for these managers are charged to the Strata. Maintenance and Landscaping Management are direct charges but most other management costs are paid for by the Management Company. The Owners Relations Manager role has been fully paid by the Management Company as the duties have included punch list follow up and other construction related matters. In the upcoming year however, this will need to be reviewed as many functions are Strata Corp related.

TW asked how this will work with the branding. SH stated that they will run it in accordance with the Agreement. As the actual Agreements will stay with the Palms Resort and any new Management Company would simply agree to manage under the terms of these Agreements.

TW asked for an organizational chart of the companies affiliated with The Palms and how do they break down. DL agreed to provide this information.

CC asked who actually owns the Pool Bar, to which SH stated that the Management Company does. This area is owned as a Strata Lot just like any Condo and the Management Company pays Strata Fees at the same rate as other Owners. SH further explained that the Strata Corp owns the Strata Lots and Common Areas, The Palms Holdings owns the other areas such as Spa, Restaurant, Lobby, Shops, etc. and Palms Resort holds the Management Contracts with the various owners. SH explained that Strata refers to the common areas and the owners units. SH to provide a formal chart showing what assets are owned by Strata, versus the Palms Management Company.

Cost Sharing Agreement:

SH explained that this does not have anything to do with the Strata Lots but simply is a way for the Management Company to cost share various services between the Strata Corp land and the privately held parcels. This refers to Maintenance, Landscaping, Security, Tennis Court and the Sewage Treatment Plant which are cost shared with the Management Company as an efficient way to service both the Strata property and the separately owned property held by the Management Company. SH confirmed that the Management Company has its own meters for the restaurant, Spa, Boutiques, etc. The Somerset Resort cost shares with our Sewage Treatment Plant and processes its waste there. This agreement helps bring down the operating costs and avoids the usual noise and odor issues that could have arose had the plant been located on the west side of the Somerset site. This is covered in a separate agreement.

Waste Treatment Plant License Agreement:

Basically this Agreement gives the owners the right to use the tennis court facility located on Management Company land. CC asked if we were going to be resurfacing the tennis area in the corners affected. SH said yes. This will be a cost to construction, not Strata but ongoing maintenance is the responsibility of Strata. SH and CC to walk the area with Paul Scott.

Pool Bar & Restaurant License Agreements:

This gives the Management Company the right to run and pass over Strata property for purposes of operation.

Fitness Center License:

This gives the owners the rights to use the gym located in the Spa owned by the Management Company and provides for a cost share of expenses.

Somerset Waste Treatment Agreement:

This agreement provides for a 33% cost share with Somerset based on the original design load calculations for the various properties. Somerset commenced payment under the contract on January 1, 2006.

Basement License:

This allows the Management Company to use the basement and hallways for purposes of normal operation and managing of the property.

Access Easement:

This provides for access to parking areas for adjoining lots owned by the Management Company.

Somerset Easement:

This gives us the right to run a pipe across the Palms / Strata land for the purposes of the Sewage Treatment Plant Agreement.

Review of 2005 Operating Statements:

SH explained the difference between Strata Expenses and Management Company Expenses. Basically as a general rule of thumb any expenses related to just running a Condo are Strata related expenses i.e. pool cleaners, landscaping, common area cleaning etc., and any expenses to run a resort are generally Management Expenses i.e. waiters, cooks, maids, front desk, bellman, resort managers, accounting staff, drivers, Spa employees, retail staff, laundry, etc.

Income – Strata Fees:**Assessment Income:**

Maintenance Revenue - Steve Hegewald explained that up through December, Owners have not been charged for work orders for any routine work carried out in the units.

All of the work order revenue goes to the Strata Corp. Work order revenue will start to be billed in March. Other revenue sources include any mark up on utilities and certain services like pest control. SH explained that there is typically a 4-5% line loss in power distribution depending on the distribution runs and this shortfall needs to be accounted for in the billings. He further stated that there is a 10% mark up on the power billing to Owners and goes back to the Strata Corp in order to offset this difference on the individual unit meters as well as the shortfall that would occur on common area assets. DM asked if the Management Company is billed line loss and SH confirmed that this is part of final adjustments and that a 4% line loss factor will be factored into consumption used by the Management Company for restaurant, Spa, etc.

SH said that there is a 10% mark up on the water billing as well however, there is very little line loss with the water but this creates an allowance and is a revenue source for the owners. No credit is given to the Management Company for any mark up on utilities.

Pest Control charges – SH explained that these fees are based upon the size of the units. SH explained that there is a markup on the direct cost charged to the Strata Corp in order to cover any additional calls to the Pest Control company above and beyond their normal servicing and creates a type of “sludge fund” for these additional charges. Again, none of this mark up is passed on to the Management Company. CC asked if it wouldn't be better to have our own

person on site to perform this task. SH stated that from a liability standpoint we use an outside company as they are licensed. This is being done monthly, subject to available access to the unit.

TW asked what is the expected square footage cost that an owner can expect to be on an annual basis. SH said that it is \$12.22 base cost including insurance.

As a side question, TW asked who is responsible for damage to a unit and SH confirmed that this is the responsibility of the owner. SH said that there is a technical and then a pragmatic answer to this question in terms of when to charge a guest for any damage. While none of us want to see things damaged in the units, it is often difficult to charge the guest as they then go back to their travel agents, etc and complain and the overall loss far outweighs the gain. Also most damage is more aligned with wear and tear and any form of major damage is actually very rare. SH stated that in the unusual case that it is clear that a guest caused deliberate damage, the Management Company would charge the guest for the repair.

SH stated that Owners should expect replacement costs at some point for the carpets and other high wear, heavy traffic items as in all actuality, they will only last 1-2 years in certain cases.

In order to help provide better clarity to the owners on many operational matters such as allotment of expenses etc, SH has created a FAQ's (Frequently Asked Questions) list and will send to the Board in advance of posting it on the website for their further input.

TW inquired as to how many owners have Content Insurance. Steve stated that approximately 60 out of 72 Owners have Content Insurance.

Security

TW asked if the hotel had experienced any significant security issues at the hotel. SH stated that fortunately the hotel has not experienced any really serious security incidents that would relate to guests in harms way. Some minor thefts have been reported in rooms, which is typical of a hotel of this size, but these appear to be contained at the present moment. SH further explained that the hotel would like to outsource security due to liability, but it is too expensive in relation to the existing Budget. Additionally, when the Security Officers work for the resort they get a portion of the service charge collected which helps keep the hourly wage lower. If they work for an outside firm, they would need to have a higher hourly rate in order to be at the same earnings. While it would be the preference of SH to use an outside firm the reality is no firms to date have been able to show they carry liability coverage. However, we may look at budgeting for additional security training. SH stated that we do have a camera system in place in certain areas of the resort.

Grounds:

Darren Law (DL) has been working with Naris, (Grounds Manager) to control expenses as we need to be proactive in controlling this expense. Spraying has been a big source of additional expense. We presently retain a person from Environmental Arts to do regular spraying on the property.

Pool and Beach:

Although it is listed that there are 7 Pool and Beach staff paid by the Strata Corp, there are 4 additional staff that are paid by the Management Company. This is in order to provide a higher level of service than would be expected in a normal condo setting. The electric and water swimming pool expenses are the largest expenses. SH stated that for approximately 6 weeks the pool was leaking.

The Management Company was charged \$12,000 to cover the expense of any excess water used due to the leak during that time frame.

It was also noted that the Management Company makes a voluntary contribution of \$15,000 per year towards the operation of the water sports equipment owned by the Strata Corp.

Common Areas:

TW stated that the elevators seem to be experiencing increased interruptions. SH stated that the elevator company that installed the elevators (and had been given the subsequent maintenance contract) has gone out of business. SH suggested looking at obtaining our own in-house technician and possibly cost sharing this expense with another resort so that we can have a more reliable source of service. All members agreed this should be considered.

Steve completed an overview of the 2005 Statements and asked for further questions.

DM commented that he was pleased to see that this first year variance was within 5% of Budget considering the number of factors involved.

SH confirmed that these statements were being reviewed for informational purposes only and do not require Board approval as they are for a period prior to the formation of the Board.

Balance Sheet, December 31, 2005:

DM asked if the Reserve Fund is big enough and the general consensus was no. It presently stands at approximately \$170,000. Other than actually making a regular assessment for a reserve it only is created through any potential Budget surplus which would not be adequate. If we have a budget surplus it gets flipped in to the Reserve Fund. TW feels that we should have two years' expenses in this Fund as this is what would typically be expected in the USA. This of course

would be a huge undertaking but some future guideline should be set and that this should be further discussed at the Annual General Meeting on how Owners would like to build the reserve.

SH pointed out that while creating a Reserve Fund requires large funding, historically this has not been a direct cost, or loss to the Owners as it has been usual for Owners to be repaid their prorata portion of any reserve at the time of sale by the Purchaser. There is no regulation to force this but it has been accepted practice.

SH made the motion to establish cheque signing authorization on the separate Strata Corp accounts which require any two signatures CC and SH, TW or DL. Peter Kirby (PK) seconded the motion. A show of hands was asked of those present and unanimously accepted.

TW asked if the Strata Corp Financial Statements will be posted on the website to which SH replied that they will once reviewed at the meeting.

Review and Discussion of 2006 Profit & Loss Statement:

TW asked what the operating costs are at the Palms and The Sands. SH explained that it is \$9.00 per sq. ft. at the Palms and \$6.50 per sq. ft. at The Sands. TW then asked where we are in relation to our competition. SH stated that there really isn't another hotel that really directly compares to the Palms in terms of size and scope. Grace Bay Club is similar but a different property in terms of its scope and size. Pointe Grace is comparable in quality but smaller in scope as well. Based on the information available, it would appear however that the operating expenses are in line with similar quality projects on a sq ft basis.

SH stated that owners are starting to be billed for work orders and this will help offset the maintenance costs creating the major portion of the budget variance to date. SH stated that there has been a challenge in generating work order billings because the majority of the staff are used to a traditional hotel setting and are not used to segregating the difference between work performed within a unit and work performed in common areas. Increased training and guidelines will be implemented in order to have them recognize the difference between a fixed type Strata Corp Budget and a typical variable budget that would apply in a standard hotel and the importance of accountability in billing work orders.

SH pointed out the challenge of trying to establish a fixed budget like a typical condo corp when in fact future occupancy cannot be fully contemplated 12 months in advance. Inevitably many costs became variable based on occupancy which can lead to budget variances based on actual rental performance. Occupancy during March, April and May have been almost double the 2005 figures and this cannot help but impact the Strata Corp costs in some manner.

Steve explained that Pool & Beach expenses are slightly over in wages; Security expense is over by \$5,000 due to overtime; Common Area expense is over slightly due to overtime; the Sewage Treatment Plant expense is over due to unexpected sewage removal caused by a malfunction of the disposal well.

Budget:

If all goes as budgeted, we would have a \$30,000 surplus and the proposed 10% increase in the Assessment would be barely adequate. TW asked how we built the present Reserve Fund. SH stated that this was created with a contribution that Owners paid upon the closing of their units.

The 2006 Budget calls for a 10% increase in the operational portion of the Budget over 2005. It was highlighted that this increase will only be in effect for 7 months of the operating year and therefore does not have a full 10% effect on the 2006 Budget. The 10% essentially is comprised of a 5% known variance which was evidenced in 2005 and a 5% allowance for expected increased in 2006 forward taking increased costs into account.

TW asked if the monthly assessment should be slightly more than 10% as although the budget showed a \$30,000 surplus, the known variance in the first quarter (caused by the lack of a timely increase in January) would mean a \$20,000 deficit by year end. SH said he would prefer to keep the lower budget amount and try to make the Budget goal tighter. If in fact the shortfall cannot be made up then it would be a year end adjustment and would have the effect to the Owners as increasing the monthly assessment more now.

SH feels that between work order billing and expense control we should be able to achieve this. SH asked Steve and DL to put together an action plan, that works with an increase in the Assessment by 10% for the rest of the year, starting June 1st.

SH highlighted that because of the increase in insurance costs the Management Company would be entitled to an increase in its fees on a percentage basis. As a sign of good faith SH confirmed that the Management Company will not be taking any increase in this regards and that the fees relating to insurance will be the same as 2005 on an annualized basis.

TW made the motion to accept the Budget as proposed. DM seconded the motion. A show of hands was asked of those present and unanimously accepted.

Review of Insurance Coverage:

The new property insurance policy is in the amount of \$72,000,000 which is based on the reinstatement cost report issued to the Palms. SH reported that he

was finally able to get the insurance companies to break the policy out by exterior and interior values, and to then further breakout the interior values on a unit by unit basis. We will get a revised schedule of values from the insurers shortly showing a unit by unit breakdown of the interiors and the deductibles will be based on these values.

TW asked for a list of the schedule of insurers and asked if there was exposure caused by these insurers covering several other resorts on the same island. SH stated that this is always a risk but that an Independent Insurance Advisor was hired in order to assure they are highly rated firms with financial substance capable of meeting their obligations.

SH highlighted that while insurance coverage has been purchased for 100% of the reinstatement value as per the Bi-Laws, one cannot technically insure 100% of a potential loss as stipulated because there always will be some deductible applicable. TW asked if we can insure the risk of the deductible. SH stated this would simply be too costly on a Strata level and it would only be possible for an individual to perhaps purchase.

TW asked where the reserves are currently located? SH stated that right now they are in a bank account but we will be putting the reserve fund in an interest bearing account. SH stated that one of the exclusions in the policy is molestation and that this seems to be a standard exclusion now.

Steve stated that the Common Areas portion of policy and related expense were distributed between the owners based on unit entitlements.

TW & PK complimented Steve on the preparation of all of the information provided.

Review of CAPEX Expenditures 2005:

Steve presented the Board with a list of items which made up the various capital expenditures during 2005. Most of these expenditures related to operating equipment or replacement or expansion of pool loungers, umbrellas, etc.

SH highlighted that although many properties charge the full value of all opening common area furniture back to the Strata Corp. This is not what was done. The developer provided all of the original FF&E beach loungers, umbrellas, clam shells and water sports equipment at no cost. Replacements or additions for areas such as the new dune deck were charged to the CAPEX account. SH asked Steve to go get the umbrellas, chaise lounge and cabanas invoice to ensure they were in fact additional items ordered and not part of the original opening inventory. If part of the umbrella order was for the restaurant, than that should be a Management Company expense. Final allocations were confirmed

correct with further clarification to follow on an umbrella order. Final amounts will be forwarded to the Board.

Steve explained that there is currently \$173,000 in CAPEX reserve. SH commented that the life expectancy of the beach furniture, loungers, etc, is much shorter as any item that is left out 24/7 in this climate is subject to accelerated wear and tear. SH asked Steve to look at the expenditure for the lawn mower as he feels that the ride-on lawn mower may need to be added as this expenditure seems to be missing.

TW suggested talking about building the Capex reserve at the Annual General Meeting and set some guidelines as to what we want to present to the owners. It was decided that no decision would be made during this meeting with regards to a regular CAPEX assessment until a general Owners meeting could be held and further information gathered. Also, in the event that an agreement is finalized with a branded luxury firm, they will be able to give input on reserve guidelines.

Following detailed discussions, it was concluded that there were no further questions and to proceed with the review of 2006 CAPEX Requirements.

Discussion of 2006 CAPEX Requirements:

SH stated that until a regular CAPEX Reserve could be established, the list of capital related items would be kept to a minimum and be used from the existing fund. SH presented a list of priority items based on Owner feedback and operation needs:

Stone replenishment on driveway – SH suggested filling the low traffic areas of the driveways (parking space) with a larger stone with the hope that that might withhold longer. The main traffic areas would be swept clean of stone. The purpose of keeping stone in the parking areas is to try and avoid the harsh visual impact of massive black asphalt areas. TW asked for the cost of this project. SH stated that it was probably \$10,000 or less.

Additional lighting – SH stated that this would be for the parking lots, as well as increase path lighting.

Security fence, guard house – SH stated that the Management Company would be willing to contribute 50% towards this building. This will be located at the west side of the site near the parking and employee entrance.

Staff rooms – these areas really need improvement and expansion. SH stated that this expense would be cost shared as well.

Pool depth markers – while agreed that these can be very unsightly SH asked the Board for their opinion. TW felt the main issue is largely how shallow the pool is rather than a depth risk. This was generally agreed and the suggestion was to order discrete “no diving” signs and place them in planters near the pool. TW asked if anyone is in charge for the Pool and Beach area to prevent injury the use of drinking glass. DL said there are pool/beach supervisors but they often are in a dilemma as the guests get very upset when rules, such as no children in the hot tub, are enforced. This needs improvement and more polite but firm enforcement. Additionally, it was suggested for discreet signage regarding the usage of the sun pods.

DM asked for a better explanation in Rooms Directories for guests on the fire ladder. SH agreed and also suggested fire drills whereby staff are trained to go and deploy the ladders from ground level when there is a fire.

Additional towel kiosk – SH stated that these are needed by the pool as well as the beach area. It was agreed that these are important additions in order to help tidy up these highly visible areas. The Management Company offered to cost share this expense as well.

After detailed discussion of the proposed list, SH then asked for approval on the following items:

Stone replacement (\$10,000 or less)

Alteration of landscaping (\$3-5,000)

Additional lighting (\$3-5,000)

Guard house (\$10-15,000 but would be a 50/50 cost share)

Staff room improvements (\$30,000 equaling approximately 12 - 15% participation from Strata based upon the percentage of Strata employees)

Directional signage (\$3,000)

Additional Kiosk (\$15,000 but would be a 50/50 cost share)

Lounger pads

TW suggested that the total budget be set at \$50,000 for these items and reviewed at the Annual General Meeting in November and asked if we could report on an ongoing basis as to the CAPEX items that have been done.

TW feels that we should get a proposal for additional cameras and security as there is liability from these areas. Because these could have large budget impacts as well as the fact that the branded firm will do risk assessments, it was mutually agreed this should be deferred and discussed in a broader forum like the November Annual General Meeting.

PK made the motion to have the CAPEX budget be \$50,000 and we will report on an ongoing basis as to the status of these items. TW seconded the motion and a show of hands was asked and unanimously accepted.

Discussion Energy Consumption:

PPC Billing Dispute:

SH explained the billing dispute that relates on the rate we have been charged during 2005 for the first 3,200,000 kWh of consumption (this is the threshold consumption required on an annual basis in order to get the lowest rate given by PPC). SH pointed out that the Palms is the first Condo-Resort to be able to obtain the lower rate especially and this weighed heavily on two factors – firstly was the high participation by owners in the rental pool. (PPC is very concerned that any non-rental units would get a base rate this low.) Secondly, was the fact that approximately 40% of the overall consumption relates to Management Company resort assets such as the Spa, Restaurants, etc. By using 3.2 million kWh per year you are deemed a large hotel and the lower rate of \$.17 kWh from \$.25 kWh, would apply. In January SH contacted PPC after seeing that the overall consumption has surpassed 3.2 million kWh in December and they agreed to make the new rate applicable January 1, 2006. SH then asked for a refund on the amount charged in 2005 and PPC disagreed. After several letters, SH was able to get a \$25,000 credit for December 2005. However, SH feels the refund should apply since opening for the full initial consumption period while waiting to pass the 3.2 million kWh threshold. SH would like to cost share the legal fees and take PPC to court. SH feels that they are looking to use us to set a precedent, so that they can try and always bill new large resorts at the small hotel rate until they pass initial the 3.2 million kWh in a year. He may also ask Seven Stars, 3rd Turtle and Aman to cost share this expense with us as the decision could affect them as well.

SH stated that a high level legal opinion from a reputable law firm would cost approx. \$15,000 to sue them would be at least \$25,000 if we were to go to court. SH hoped that by getting a Q.C.'s opinion from the UK in the matter, it might show PPC that they would not have a good chance in court. This of course still gives no assurance as PPC has a lot to gain and little to lose in terms of defending the case regardless.

The potential refund that could be obtained is approximately \$235,000 if successful. This would roughly be split \$47,000 Strata Corp; \$101,000 Owner accounts; and \$87,000 Management Company. SH made the motion for a budget of \$10,000 from the Strata Corp to be part of the legal proceedings to pursue this refund. It is agreed that this will be cost shared on a 50/50 basis with outside participation.

While the Management Company percentage of gain is not 50% SH is willing to do this on a 50/50 basis as he feels this is an important issue on a matter of principal. DM seconded the motion and a show of hands was asked and unanimously accepted.

DM feels that we could have a lot of areas for potential energy savings and feels we should perhaps have an energy audit. SH agrees but feels that this should be tabled until the new management company comes in as they have also expressed desire to look at this area and they would likely have better resources to do this.

Owner Letters (Strata Related Issues):

1. *Pest Control:* As discussed earlier, there is a mark up that is applied to cover additional expenses, but this goes back to the Strata Corp. SH suggested exploring the mosquito traps that run off of propane. As it is difficult to fog within the resort when guests are around. The issue now seems to be mostly in the entrance areas where the mosquitoes are attracted in by the hall lights. SH to check with the Aman Resort to see what they are doing to combat the mosquitoes.
2. *Are owners to receive the 2005 year end financial statement for the operation of The Palms that we contribute to?* SH stated that yes for the Strata Corp, and this will be posted on the website so all owners can have access. TW suggested that we contact the owners who will be attending the Annual General Meeting and meet the day before to explain any questions that they may have regarding costs.
3. *The decking around the pool when wet, especially after a rain, is extremely slippery causing my wife and I as well as guests to unfortunately fall.* SH stated that he has already ordered a slip resistant substance to recoat the pool area and that they will begin closing off sections shortly. Additional permanent signs will also be purchased that match the other resort signs cautioning guests that areas can be slippery when wet to take place of temporary ones.
4. *Since the boardwalk was installed, I was informed that no one is allowed in the area between it and the units. I hope this is being enforced and maybe signs stating no one is allowed there will protect the privacy of first floor unit owners. Signs prohibiting traversing over the dunes should be erected as paths are being cut into them. Construction debris in this area is still present in the form of concrete. The wooden step on to the beach is too high. I see The Somerset has installed sand bags in this area to solve the problem.* CC commented that she constantly sees the staff moving the lounge chairs from the decks to the pool area. The challenge here is that while we don't like to move chairs from this area it is impossible to say no to a guest. SH asked DL to look at purchasing additional, inexpensive lounge chairs that could be used as fill-ins when there are short term or peak demands within the pool area. This way the other loungers could remain on the adult decks and to advise the Board of the costs. In terms of the area between the dune deck and the building, this is common property and it would be technically difficult to outright deny an owner the right to be there. In fact, the decks were installed to help control the random use of these areas by creating a more user friendly alternative. It was agreed however that Management will use its best efforts to prevent and

discourage people from using these areas and to post some signs saying not to cross the dune areas.

5. *Do we have an update on the proposed leaders and gutters to divert the rainwater that muddies up the first floor windows as it splashed on to the earth below as well as causing the black mold on the building?* SH is meeting with the architect on May 25th and will be looking at a possible acrylic extension to the existing scuppers. That will divert the water further away from the building. This is a preferred approach that using rain gutters and leaders which could be very unsightly on the front of the building.

Any New Business:

Communication to Owners by the Board:

A separate email address will be created for owners to contact the Board directly as a whole and they can respond to owners.

Future Meeting Dates

The Annual General Meeting will be held on Saturday, November 4th. The Board will meet on Friday, November 3rd. The Annual General Meetings will be scheduled for the 2nd Saturday in June from this point going forward and the Board Meetings will be held the 1st Thursday in December. By scheduling the meetings in this fashion (i.e. a set week day each year instead of specific dates), all Owners can know well in advance exactly when the meeting will be.

Travel Allowance:

SH stated that at The Sands an allowance has been given to the Board Members for travel to attend the meetings. SH put the motion forward to set the travel allowance for non-resident Board Members at \$700.00. Although this does not cover the full cost of travel for the Executive Committee Members, it does give some allowance and is in keeping with other properties. It was agreed that the allowance would only be applicable to non-resident Committee Members. CC seconded the motion and a show of hands was requested and unanimously accepted.

Plunge Shade Cover:

There has been a great deal of feedback from Owners and guests expressing a need for shade cover over the Plunge dining area. This was also concurred by the Board Members. SH distributed a set of plans to those in attendance showing the proposed shade structure design. SH pointed out that they had the designer try to do something nautical and as non-obtrusive as possible. The existing wood style roof over the kitchen area would not be acceptable as the area has large spans, would require detailed drainage design and may not be attractive from upper floors. The proposed design is based on using a

white canvas material in the shape of sails overlapped in a circular fashion. While any shade structure will create some view obstruction, a great deal of effort was put into designing the structure with the least amount of site line impact. SH wanted the Board's approval on the design before proceeding with detailed costing. All members were pleased with the design and in favor. The cost of the structure will be paid for by the Management Company.

As there was no further Strata Corp related business to discuss, SH adjourned the meeting at 4:20pm and transferred Chairmanship power to TW.