



ANNUAL GENERAL MEETING

Proprietors of Strata Plan #50
Wednesday, June 4th 2015 10:00 am
Regent Palms, Messel Ballroom

Meeting Attendees (Owners)

Pattie Simpson (PS)
John Wright (JW)
Barry Seidler (BS)
Andrea Calabretta (AC)
Erica Seidler (ES)
Lou Gentine (LG)
Catherine Donaldson (CD)
Bernadette Hunt, Proxy for owner (BH)
Catherine Caldwell (CC)

Board Members

Jim Nappo, Chairman (JN)
Stan Hartling (SH)
Pam Dash Seidler (PDS)

Regent Representatives

Karen Whitt, General Manager (KW)
Sean Bassett, Owner Relations Manager (SB)
Tracy Mackenzie, Financial Controller (TM)
Dennis Voves, Chief Engineer (DV)

Hartling Group Representative

Pierre Beswick, Vice President of Resort Assets (PB)
Patrick Van Hamme, DFA (PVH)

1.0 Welcome by Chairman Mr. Jim Nappo

The opening welcome was made by the Chairman Jim Nappo, and the meeting commenced at 10:04am.

2.0 Approval of AGM meeting minutes for June 2014

- Motion to approve minutes by JN. JN adds, if there is any modifications, we should make them now.
- PS if it's all the same then there shouldn't be any
- All agreed

3.0 Financials for 2014

- JN we've got a threshold on anything over \$1,000 off of budget. Anything below that is what we'll review
- PB we have listed only variances greater than \$1,000
- JN we are at a fairly meaningful surplus. First surplus in the resort's history
- CC we haven't had financial statements posted since 2012. We need to be more specific and set time lines
- LG do we not have a balance sheet? JN we do
- JN lets have all the information on the website by the end of the week
- LG so we'll see the P&L and the reserve? JN replies yes
- Owner Seymour Epstein calls in and introduces himself at 10:34 am
- JN once financials are approved by the board they should be posted within a week
- SH you typically don't post year to date statements until the board has reviewed and question the statements then we post them
- JN we could host another meeting in January to approve the board meeting minutes and then post them after. All agreed
- CC so by February 15th would be a deadline
- JN agrees. By February 15th of the following year we would have convened a board meeting, approve the prior year financial statements and they will be posted
- CC the financial statements include the balance sheet, the income statement and the reserves. JN yes
- PS rather have the "done" statements
- JN If we publish the full year financials within 45 days of the year in close that probably is sufficient
- JN we are significantly ahead of budget
- JN we need to have everything on the website that has already been approved
- CC there has been some discussion in the past to have the AGM in January instead of June when all the owners are down
- KW this year we saw a busier January than last year and next year January is also looking the same.

- JN We do have an outside firm whose been auditing on a quarterly basics who actually does a fairly detailed analysis of the balance sheet
- SH just to be clear this is on the accountant side, it's not an audit it's a review
- JN for the next quarter I can make sure the reviewer is checking the pest control
- LG asks DV if he feels the rooms are been sprayed properly for insects. DV yes
- KW we are pretty adamant about that and one of the reasons is because the island has sugar ants
- DV adds, it's an automatic charge and not actually charged on the date owners units are entered
- SH management company doesn't take revenue that goes to strata

4.0 2014 financial variance

- TM maintenance is negative variance to budget meaning we had lower revenue due to the PM program that Dennis has in place
- TM income from power is driven by a 10% markup which will be the same for the water. WIV costs were \$1292 less than budgeted.
- JN for next year the materiality will change to \$2000. Secondly, if the category is greater than 5% more than budgeted, than it will be established as a variance
- TM No owner has an overdrawn status in 2015
- JN that status kicks in when you have more than a negative 10k in your account. Interest rates began 30-60 days after
- TM there were some extra revenue due to the Toyota group renting p and b chairs and some pool passes that went to strata

5.0 Review of Expenses

- TM maintenance supplies which were almost \$62,000 below budget due to the PM program. AMG total security payroll was below budget at \$26,000 due to short staffing
- JN the net cost to us is approximately \$32,000 in 2014 related to that incident
- CC I think over all security is better. JN agrees
- TM Maintenance A/C is \$13,545 positive variance to budget.
- TM AGM travelling expenses was under budget \$7,900. Sewage treatment plant was \$5,500 below budget. Some other expenses were a little bit over but we are all good there
- Maintenance locks and keys are below budget at \$3,722. P and B furniture and umbrellas were \$2,600 below budget. Maintenance uniforms similar to p and b is under \$2400.
- TM outside security services was \$58,000 over due to the security payroll coverage. P and B supplies is \$36,000 over largely due to pool towels.
- KW we ordered minimum to test the performance of them. They have done pretty well
- CC are we doing anything to help with our long term employees with their PRC?
- KW government won't allow us. It's a serious thing with all resorts on island

- SH 10 years ago we bought in 50 Filipinos and many of them are still with us. Some of them are our best employees
- TM water over budget by \$9,500. Maintenance vehicle and transportation are \$5300 over budget. Pool and beach water sports supplies – life jackets, hobbies, paddle boards all came in at the end of 2014
- TM ground and landscaping was over budget \$4000. Generally a lot of work went into the ground to improve the overall look. Maintenance on elevators over budget \$3000 due to known contracted work. Maintenance telephone over budget \$1447
- JN for 2014 in summary we were \$21,000 variance to the negative.
- TM income on power and water is driven by the mark up to cover losses between the meters.
- TM there is a charge of \$3000 a month for light bulbs across all owners. Round table discussion. The cost could include batteries, filters etc
- SH it's a rational approach to cover an obvious cost to own a unit. We are trying to cover operations in a fair way, not a perfect way but a fair way
- KW why don't we do a test. Let them log each visit and let's evaluate. All agree
- SH at Grace Bay Club they access owner stays for breakfast, I have no idea how that works but they charge it for just staying whether you go or not
- TM Pool and Beach uniforms are \$3000 under budget. New order should be arriving anytime. ANG travel expenses under budget. Lounge covers are on order to arrive soon
- Pool and Beach and laundry is \$14000 over budget. Having to do lot of washing with towels.
- AC what happened to the covers for the beach chairs. KW they are on order
- TM the Jacuzzi has been switch to propane so that offsets the electrical decrease. The NIB ceiling increase as of April 1st that was expected so that will bump up all payrolls
- Pool repairs are \$5000 over budget. 3 pumps and some lights have been done this year so far. Pool chemical are \$4,600 over. Jacuzzi chemical are not included
- JN right now we stand at \$52,982 to the good
- TM \$23,000 of that is the contingencies
- JN we'll make a decision at year end how those funds will be allocated
- AC one of the guests at the pool stated that the pool lights were becoming loose
- DV we will deal with it as soon as we can. Pool guys should not be cleaning pool in the afternoon, it should be done early in the morning
- CC who pays the power for the garages? Because there are some garages where lights are on pretty often
- JN good question. I don't know the answer but we'll figure it out

6.0 Review of Elevators

- JN our elevator fees are running at around \$37,000. We saved about \$8000 per year the guys tuned them up and they were working pretty good. For a little bit more we can replace the interior. Replace with stainless steel and put in new controls. That should increase performance, reduce electric cost and improve the look and feel. It cost around \$320,000. I've asked to have 8 elevator replacement I want to pay for half of it this year

and half of it next year so either Stan or the elevator company will finance us because I don't want to blow the reserve on that one item.

- CD what will the interior look like?
- JN I haven't seen anything yet. KW added we are looking at something elegant and really nice. It's maintenance free material. We are still going to keep with the mirror to give it a larger feel
- BS what is the construction phase time
- JN two and a half weeks. We have to shut down the hold building for the installation
- KW we have to make a decision now as to whether we will proceed this year
- PS is there a time frame in which the capital reduction will expire. JN at the end of the year
- SH the argument with the government was an incentive that we were going to spend more on capital projects which will generate some duties
- LG How are we going to know when our building is going to be down? JN we'll let you know as soon as we know
- JN all of our rails and materials are all being redone

7.0 Review of Capex

- JN first 4 or 5 years ago we were spending only \$89,000 a year Capex. We more than doubled that to the 200's
- KW capital projects that's been approved by the board. Security boot has been moved which is spit. Security fencing which is at the Somerset side. The boot is now at the engineering office. Landscaping now has a golf cart and a container of plants which have not arrived as yet
- KW side walk coating we will do. We did add none slip coating
- DV we found a new method to use which will save us \$10,000 a year. Sidewalks are much cleaner and not slippery anymore
- KW p and b furniture - we are going to replace the pool deck chase lounges. Between the pool deck and the chairs we have sufficient chairs.
- JN we need sufficient chairs for peak season. If it's going to cost more money that's fine
- KW we need about 36 additional beach lounges
- KW we'd like to continue the stairs at the end of the board walks and the beach hut. Exterior building painting and cleaning will be done. Directional signage have been ordered. Signage will cost around \$25,000
- KW we've purchased a new tennis ball machine. Pathway and up lighting have been improved
- LG doesn't think the sprinklers should be operating hours that guest are roaming on the property. DV agreed. I will have them re-directed
- CD I noticed in the day time the croquet lawn is been watered. Why is that?
- DV its grey water. When the tank is overflowing we have to get rid of the water
- SH the waste water is processed. There isn't a spot on island that doesn't. You're actually encouraged to do that

- KW we want to change out the current lights to led lights because they are more efficient
- CC sometimes when we turn on the hot water it is brown. LG what is the issue and why is it brown?
- DV when the boiler sits and it's not being used it may happen that rust accumulates. It doesn't happen every day.
- BS asks if this problem is anywhere else on the island
- DV it's all over the island. That's why we have to replace water heaters every 2-1/2 years
- JN Major Reserve Capex items – must do work on building roofs. Will not do elevators on the bottom. We will do the resurfacing on pool deck. JN the \$200 or \$300 dollars that you're spending a month on cooling towers are going to be 0 because the cooling towers are going to be gone. There will be an upfront cost which will lead to your monthly's going down
- SH the bigger job isn't so much the A/C it's the core drilling and running all the new pipes. We will be closing building by building
- JN we will consider different ways to pay for the system
- JN the major reserve and annual capex total \$516,288 combined
- CC stairs seem to be the worst in my building (building 3). JN agrees and states it needs to be cleaned up
- CD the door sills are in a bad shape as well
- CC we've got 6 owner guest parking spots. We need security to monitor those areas so that guest don't continue to park there
- SH we tried to buy a lot across the street and the price was ridiculous
- JN please ask our security services to monitor that
- CC if we have an event and guest are parked all over the property it could be a fire hazard. All agreed
- BC asks about an alternative cable network beside Digicel
- KW Digicel is currently upgrading their system so there is a lot of pixilating etc. They are telling us that once this process is done it will be better
- SH there is technically another option but it is not an option. The other option is internet TV but we don't have the greatest internet here to get the service
- JN the audit report came back and we will make that available on the website
- KW David Bethel responded - The East garage is charged 25% to strata and the west garage is charged 100% to strata based on the electricity usage we spoke about earlier
- LG wants a specific time period as to when buildings will be shut down
- KW we will. We just have to meet with the company and tie all the ends from there
- JN within a couple weeks we should be able to be very specific.

Meeting is adjourned at 12:18 pm