

THE
Regent
PALMS
TURKS AND CAICOS

Strata #50

**Annual General Meeting
Wednesday, June 11, 2008**

In Attendance:

Board Members:

Tim Webb, Chairman (TW)
Stan Hartling (SH)
Catherine Caldwell (CC)
Peter Kirby (PK)

Regent Hotels:

Diderik Van Regemorter, General Manager (DVR)
Jennifer Wardle, Owner Relations Manager (JW)
Patrick Van Hamme, Financial Controller (PVH)

Owners:

Susan Turcotte (ST)
Barrie & Lynn Romkey (BR)
Christine Nappo (CN)

WELCOME AND GREETING BY THE CHAIRMAN

The meeting was opened at 3:10pm with a welcome from Chairman, Tim Webb (TW) followed by explanation of the running of the meeting and a review of the agenda.

ESTABLISHMENT OF QUORUM:

TW received confirmation from Jennifer Wardle (JW) that in accordance with all proxies received, a quorum had been attained.

APPROVAL OF THE MINUTES

(TW) Made a motion to approve the minutes from the last meeting. Peter Kirby (PK) approved and Stan Hartling (SH) seconded the motion

REVIEW OF FINANCIAL STATEMENTS AS OF APRIL, 2008

Presentation by Stan Hartling

As a preamble to the financial statement presentation and to aid in better understanding the financial transactions involved in the running of the Resort, Stan Hartling detailed at length the relationships between the various business entities. In other words, he thoroughly described once more how the Strata, Individual Condo Owners, the Management Company and the Developer relate in the business model that is our Resort which was followed by a Q & A. *An overview of this presentation will be posted to the owners website in the near future.*

Income statement

Strata has been performing favorably thus far. Even though we have not achieved our aggressive budget targets for profit, we are still showing a positive balance of \$4,409. The ultimate goal being to remain in the positive.

We have been challenged with increasing maintenance costs as the resort gets older. Issues with pumps, motors, corrosion of equipment and the need to build up an inventory of parts to allow for rapid repairs have affected our expenses. It is to be noted that expenses for spare parts inventory will be recovered as they are used and the costs billed out but it was critical for us to have immediate availability to avoid putting room inventory out of order.

On a side note DVR advised of an impending increase in the cost of internet service to each room. Indeed, this cost has not changed since the resort opened up yet the demand in terms of Bauds per second has more than quadrupled as guests' habits are changing and computer usage is increasing. We will be upgrading our system from a residential 2Mbps to a commercial 10 Mbps.

SH noted that even so, the phone and Internet are still much cheaper than anything you could get in a house on Island. He further commented that one of the great advantages of this Resort was that we conducted most everything in house and thus had much lower costs to be spread. Example

could be the landscaping; whereas many resorts comparable to our business model would hire an outside company and simply bill out the cost proportionally, we have our own staff and management which is much cheaper than hiring an outside firm. The same goes for security, maintenance etc...

Balance Sheet

The main elements of the balance sheet were reviewed. It was noted that receivables still included Somerset past due amounts for their share of expenses of the WWTP (Water, waste treatment processing) dating back to December 07. DVR indicated that the hotel was about to send Somerset a default notice for failure to process timely payments. Furthermore, we will start adding a late fee of 12% per annum to all past dues amounts, this as per contract.

Capital Expenditures

The Board has authorized \$220K in 2008 for capital expenditures which all projects having been identified and individually budgeted Presented by (DVR)

- Outdoor lighting package - \$40K budget - underway
 - Funds were allocated to this project for parking lot and resort driveway entrance lighting enhancement. A bid has been received that is in keeping with the Budgeted amount and the equipment has been ordered. The lighting in the parking lot area was carefully selected to avoid creating a brightly lit area while still addressing the safety and security issues. All lighting will mimic that of moonlight as was already tested in the back of P23.
 - In keeping with this upgrade, although no amount had been established at the time, monies were spent to enhance the round about at the top of the driveway
- Quad bike - \$10K budget - completed
 - We ordered and received the Quad bike and related accessories. We now can efficiently rake and groom our beach each morning presenting a most professional and manicured area. This allows us to save countless man-hours from past practice of doing this manually each morning and redirect this labor to other areas inside the resort. This is such a resounding success that other properties are jealous and we have already been asked to make a proposal to another hotel on what our fees would be to do their beach each morning

- Upgrade of the interior of the elevator cabs - \$40K budget - postponed
 - In view of the upgrades and redo that will take place in the resort's residences and buildings towards the end of 2009, this project was postponed until then. In doing so, we will be able to keep the same décor theme throughout the entire project and only have to conduct transformations once.
- Pool & Beach Furniture - \$40K budget – ordered and shipped
 - We purchased Pool & Beach furniture and have more on the way. This is necessary as an increasing amount of the original chairs is now breaking. Luckily, we are ordering at the source in Indonesia where we are benefitting from low manufacturer's prices and then ship the units one container full at a time.
- Swimming pool refinishing – \$40K budget – estimated at \$ 70K
 - We are still investigating the actual source of our leak. Several experts have been there and we have identified possible sources. More work to be done on this.
 - In late August and early September we will be replacing the tile border and resurfacing the pool with Diamond Brite. The Developer and Coxco have offered to pay for the replacement of the tile border and offered to have Coxco oversee the resurfacing of the pool to insure an expedient and professional work.
 - We will not be closing the hotel and will be advising guests that the pool is not open. We are looking into other ways to compensate our guests for the inconvenience of not having the pool with out reducing the room rates.
- East & West Boardwalk Maintenance \$20K budget – in progress
 - Some repairs have been carried out but we have not used much of the funds allocated to this area. We are waiting to see how the wood reacts before doing further work.
- Upgrade Natural Landscape on the dune - \$10K budget – to be started August or September
 - There is a plan to upgrade the dune in front of buildings 1 & 5 and in front of the pool by planting the entire area with sea oats. This project was put on hold during the dry season and because of a destructive parasitic wild vine that choked most of the area's plants.
- Contingency fund - \$20K budget
 - We used \$2,413 to purchase a new room key making machine

- We will need to purchase new VHF/UHF radios for security and maintenance due to our having "expired" – bids are being gathered
- Other updates on non capital OS&E items direct billed to owners per the conversion agreements
 - The electronic door locking project had to be abandoned. Unfortunately, the company that specified the system was in error and they were unable to fit the equipment they had specified. Further lengthy studies revealed that unless all doors are changed, there is no way of fitting such a system. All door locks have been returned for full credit. The only issue at hand is the return of the door closers that had been purchased for this installation. This is being argued at present. A refund on the door closers which are being worked on as is a refund on the duty. If we can not get a refund on the duty, we will try to get a letter of credit that we can use in the future.
 - The coffee machines are here and we are holding off the installation until we receive the contracted Regent Logo coffee boxes.
 - Radios with I-pod docking stations have been installed in every room, we only need to the internet service to be functional at this stage.
 - The new in room amenities such as compendium, blotter, note pad holder, valet tray, turn down tray and TV remote holder are in the final process of manufacturing. Much testing had to be done to insure that the weather conditions on the Island did not negatively affect the items over time.

Major Capital reserves

Our Long Term Capital reserves (in anticipation of future major needs) are currently \$244,496 and should approximate \$400,000 by the end of the year.

(TW) The Board authorizes the proposed amount to be spent on each Capital expenditure item and gives the Management Company permission to go ahead and purchase the agreed items. If there are any additional items that need to be bought, the management company will have to go to the Board for approval.

ELECTION OF EXECUTIVE COMMITTEE

The current Board all stood to be re-elected with no new nominees. The current Board was re-elected

The meeting formally closed at 4:18pm

OTHER BUSINESS

Owners questions addressed at the AGM

- What are the dates of the Board Meeting?

The dates are set to be as follows;

Formal Meetings

- *Executive Committee Board Meeting 1st Friday in December – Friday December 5, 2008 is the next meeting*
- *Executive Committee Board Meeting is 2nd Friday in June*
- *Annual Owners General Meeting is the 2nd Saturday in June.*

This year's AGM was moved to accommodate a large group booked in the resort and needing the space originally reserved for the AGM. Business and revenue come first!

- Some Owners are requesting a light/fan combination on their balconies. (West Indies units – floors 1-4) Is this possible?

The bylaws of the Strata Corp state that the Board's approval is needed for all changes that affect the exterior and the uniformity of the building's look and/or style. The Board agreed to solicit the unit Owners that would be affected by such installation and seek their approval/disapproval for their desire to proceed with the installation of a light/fan unit installation. The full cost of the unit, installation and maintenance would be at the individuals own expense. To comply with the by-laws and the need for uniformity, there must be a 100% agreement of the unit owners for the Strata Corp to approve and proceed. If 100% of the unit Owners agree, then the management company would do research to find, install and plan for the maintenance of appropriate fixtures. The Board cautions that being an

exterior fixture, much maintenance and occasional replacement could be needed and therefore the Board does not recommend installation.

- Can an electronic lock be placed on the gym to prevent Somerset guests from using it?

We have experienced occasional use of the gym and pool by people not staying at The Regent Palms. We are taking action in policing to prevent the use by unauthorized people and discussing alternative methods to accomplish this. Unfortunately as stated above we had to abandon the electronic lock program for the hotel

- Can curved shower rods be placed in the bathrooms as they function/look better than current rails?

The hotel is investigating a general upgrade to all suites with a target date of 2010. This is important to keep The Regent Palms best in class and ahead of our competition. As part of this program, many enhancements will be recommended. All Owners will be part of the process as the management company proceeds with the study. The same original interior design firm has been hired to prepare recommendations. This very worthy enhancement will be evaluated as a part of this project.

- Some plants are growing too close to buildings causing marks to the facade. Can these be trimmed back?

Landscaping to access and trim back where necessary.

- When are the Nespresso Machines going to be in place?

The machines will be installed by the end of July

- The new glass bottom canoes are unstable and get scratched by the sand. Why do we have them?

The canoes are a favorite of many of our guests. Indeed, for the novice they can be somewhat unstable and guests are advised. We do not see why we should take away the pleasure of many for the mishaps of a few. Our staff is managing the issue very well and there has never been a negative guest comment. As far as the scratching is concerned, once the item is in the water, the scratch fills with water

and becomes almost invisible. Again, there have been no customer complaints and on the contrary, there is a lot of positive feedback.

- What is the latest with the pool enhancements?

We have had problems with our pool including loss of water and tiles needing to be replaced. Our plan is as follows;

- *We are in the process of identifying the cause of the loss of water. It has been an ongoing process and we feel we are near the identification of the issue and the solution. We have been able to control the water level as not to unnecessarily lose water but a permanent solution will be forthcoming.*
- *The pool will be closed for approximately 2 weeks in September. During that time we will be replacing the tile border and resurface the shell.*

- There seems to be two unusually high frequencies of maintenance issues in my unit – Batteries on the safe not functioning and toilets needing to be purged.

The Maintenance department is looking at a solution to the batteries getting loose in their fittings when the door is slammed too hard.

We have investigated the number of issues that have occurred with blocked toilets in the resort and have not found this to be a common recurring problem.

- Between the Strata Corp, Unit Owners, Hotel (management company) and Developer, who is responsible for what expenses?

As part of the AGM, Stan Hartling gave a detailed presentation followed by a Q&A of the cost responsibilities and cost sharing between parties. An overview of this presentation will be posted to the owners website in the near future.

- The frozen fruits served on the beach are served with toothpicks. This can be dangerous.

Beach staff has been instructed to collect as much as possible from guest so they don't drop in the sand.

- The phone system is not user friendly, especially the message system.

It is an ongoing issue that we are working hard at resolving. It stems from the resort sharing the same phone system and exchange as the Sands. Presently, one needs to dial 400 to get voice messages. Once the two hotels have separate systems (Late August), access to the message facility will be through a one touch button on each phone. New faceplates have already been ordered and are soon to be implemented. In the meantime, we will print a help guide to retrieve messages.

- Can we replace the silver soap dish with plastic ones as I am concerned it will chip the hand basin if falling in.

We need to keep the Regent standards in all rooms and plastic soap dispensers would not achieve the atmosphere Regent is aiming for. This is more of a management company decision as opposed to a Strata issue.

- Recommendation to bring in an independent Florida accounting firm to review present methods and make recommendations as how to proceed.

The Board does not see a cost benefit for this action.