

**Strata Corp #50 Annual General Meeting**  
**The Regent Palms**  
**June 13, 2009**

**In attendance:**

**Executive Committee:**

Tim Webb, Chairman  
Stan Hartling  
Catherine Caldwell  
Doug MacKenzie

Peter Kirby, Absent

**Owners Present:**

Bettie MacKenzie  
James Nappo  
Barrie Romkey  
Lynn Romkey  
Rory Murray  
Jason Murray

Monica Neumann  
Patrick Van Hamme  
Joan Hagan

**Welcome and Greeting by the Chairman:**

The meeting began with a welcome by the Strata Corp Board Chairman, Tim Webb (TW).

**Establishment of quorum:**

TW asked if there was a quorum to hold the Meeting. A minimum of 50% of the Owners entitled to vote either by proxy or in attendance is needed in order to conduct the meeting. Catherine Caldwell (CC) stated that we have a quorum.

**Approval of the Minutes of the June 2008 Annual General Meeting:**

TW asked if all approved the minutes from the meeting.

Doug MacKenzie (DM) made the motion to accept the Minutes from the June 2008 Annual General Meeting, CC seconded the motion. A show of hands was requested and unanimously approved.

### **Review of Financial Statements:**

TW explained the YTD Strata Corp Financial Statements. Revenue (which is defined as the receipts from Strata fees, maintenance work orders, insurance charges and Somerset contribution) was higher than last year however revenue without insurance is \$1.157 Million compared to \$1.187 Million last year reflecting the drop in variable charges related to a slightly lower occupancy rate.

Insurance increased by 18%.

TW stated that PVH compiles the financial statements on a monthly basis and distributes to the board and then they are reviewed in detail by board every month.

### **Balance Sheet:**

\$122,000 in assets; \$108,000 in liabilities

With reserve funds: \$704,000 assets; \$108,000 liabilities. Equity/Reserve \$596,000.

TW stated that The Regent Palms is one of the few condo resorts in Turks and Caicos that has established a substantial Reserve Fund. This Fund was established three years ago in order to protect the resort for large future expenditures such as roof replacement. The goal is to eventually build the reserve to approximately \$2,000,000.

Reserve accounts: TW described the two different types of Reserve Accounts.

Capital Reserve: This account is used for pre approved (one time) capital expenses. The Board approves anticipated expenditures at the Annual Board Meeting in December as a part of the budget approval process. \$70,000 was budgeted for this year with specific projects outlined, primarily being outdoor lighting, pool boardwalk maintenance and landscaping. Year to Date, we haven't spent more than \$10,000 of the \$70,000 as projects have been delayed reflecting economic conditions. The total owner contribution to this reserve is \$6,400 per month. This reserve is meant to be spent every year for the projects approved.

Major Reserve: This is a long term fund to accrue for the replacement and repair of significant items i.e. roof. The total owner contribution to this reserve is \$25,000 per month. Currently the balance is \$522,910. The balance of this fund is currently in **certificates of deposit** in a local financial institution and currently earns a low interest rate related to current market interest. TW stated the Board voted yesterday to divide the reserve and place a portion in multiple banks for 1) security reasons (local banks are not insured similar to US and Canadian

Financial institutions), 2) to stagger the maturity dates, 3) to avail ourselves to potentially higher interest rates if and when available.

A third account, Sewage Treatment Reserve, will be created for the Sewage Treatment plant. Since this is a shared expense facility with the Somerset they are responsible for 1/3 of the reserve. The total reserve amount monthly for both the Regent Palms and Somerset is \$600 monthly. This reserve account was created for replacement of pumps etc.

TW asked if there were any questions on reserve account to which there were none.

SH updated the group on the issue with PPC (Provo Power Corp):

SH explained that there are two electrical rates for hotels and they are based on the size of the hotel: large hotels and small hotels and the difference is .08/kwh. SH explained how we originally tried to obtain the large hotel rate and PPC disagreed and had said that you had to prove that you used 3.2 million kwh in a year first to be granted that rate (3.2M/kwh is needed to be considered a large hotel). SH then obtained a legal opinion and was told yes, the Palms should be entitled to the large hotel rate as it did use 3.2M kwh in the first year. SH, with the Board's approval, took the case to the courts and was awarded \$340,000. However, PPC appealed and succeeded and the award was returned to PPC. SH again contacted high ranking QC legal counsel in the UK and their opinion remains the same and they feel that is favorable that we would have a high possibility of winning the case if taken to the privy counsel. However, if we do go to court again and lose, the resort would be responsible to pay PPC's legal fees. SH stated that he is trying to obtain some form of cost sharing with the other large hotels who may qualify for the large hotel rate. Many resorts don't qualify, and, as an example, Grace Bay Club may not qualify as it has several different strata lots and the reading must come from one consolidated meter. However, SH stated that Amanyara does qualify and he will continue to try and get them to do something but he cannot assure we will get anything.

TW made motion to proceed with the appeal and to have the Strata Corp fund the cost of the appeal. DM seconded the motion. A show of hands was requested and unanimously accepted.

**Pool:**

TW stated that last year the Strata Corp hired a firm from Florida to do the necessary repairs on the pool. The pool was drained last September to complete this work, but, unfortunately, a number of factors, i.e. hurricanes, etc., resulted in this repair not being done as required. The company responsible stated that it would return at its cost and properly repair the pool and only charge the unpaid remainder from the original contract. This work is scheduled to be completed in

September. The pool again will be drained and the company will chip out the bottom surface and completely redo the bottom of the pool. As there will not be a pool available for the guests and a bit of noise disturbance, the resort will offer reduced rates, special events, i.e. beach bbq, etc.

TW stated that Regent has done a great job since taking over the management of the resort and they feel that the service levels have improved greatly. Congratulations to Monica Neumann (MN).

MN stated that they are focusing heavily on sales and marketing and described the special programs that the resort has in place. SH commended the Regent Team on their efforts over the past several months.

**Vote to expand the Executive Committee:**

CC distributed the ballots for voting and also the resumes of the new candidates were circulated.

While not a formal part of the meeting, MN did a marketing overview presentation while the votes were tabulated and verified.

TW read the results of the vote to expand the Executive Committee. Of the 45 votes submitted the results were 24 to 19 in favor of keeping the number of Executive Committee members at 5. TW stated that there are two ways that a vote can be completed. One is by simple voting and the second is by a poll to which the votes are counted by unit entitlements. Unit entitlements are based on square footage of the units. By taking a poll, there were 6,748 votes for 5 members and 4,758 for 7 members. The resolution is to stay at 5 members of the Executive Committee.

Executive Committee Election: TW stated that there were 8 candidates seeking election to fill 5 seats. The results re-elected the current Board: TW, CC, Peter Kirby (PK), DM and SH.

The Strata Corp Chairman made the motion to adjourn the meeting and the Strata Corp Annual General Meeting was officially adjourned at 10:15am.

Next Board Meeting will be December 3, 2009.