

PROPRIETORS OF STRATA PLAN #50

ANNUAL GENERAL MEETING

Regent Palms

Thursday, 30th May 2013 | 10:00am

Venue: Messel Ballroom

Start Time: 10:00 am

Finish Time: 1:35 pm

MEETING ATTENDENCE:

Board Members (Present):

Jim Nappo, Chairman (JN)
Stan Hartling (SH)
Nancy Vignola (NV)
Pam Seidler (PS)
Charles Dixon (CD)

OWNERS:

Tom Ashbarry (TA)
Maureen Ashbarry (MA)
Catherine Caldwell (CC)
Patty Simpson (PS)
Susan Turcotte (ST)
Robert Brown (RB)
Mrs. Brown (MB)
Jay Murdoch (JM)
Bettie Murdoch (BM)
Sheron Hoot (SH)
Anthony Dipermencio (AD)
Anna Christopherson (AC)
Barrie Romkey (BR)
Lynn Romkey (LR)
Rick Sutton (RS)
Dayna Sutton (DS)

Regent Representatives

Karen Whitt, General Manager (KW)
Kyle Smith, Owner Relations Manager (KS)
Patrick Van Hamme, DFA (PVH)

1. WELCOME AND GREETING BY THE CHAIRMAN

Welcome greetings were brought by James Nappo (JN) and the meeting commenced at 10:00am.

2. ESTABLISHMENT OF A QUORUM

JN established a quorum of the assembly necessary for conducting the meeting.

3. APPROVAL OF MINUTES OF JUNE 2012 ANNUAL GENERAL MEETING

The agenda and minutes were approved and the information packet including the minutes was circulated to owners in attendance.

4. REVIEW OF FINANCIAL STATEMENTS 2012

4.01 Financial Statements 2012

PVH presented the Strata financial statements YTD 2012 and provide comments on various aspects as outlined below:

GENERAL OVERVIEW

The year 2012 ended with a negative result of **\$86,398**. As discussed and approved by the Strata Board, two extraordinary maintenance expenses have been allocated to the major reserve fund in order to avoid a special assessment to the unit owners.

- Cooling Towers extraordinary expenses: **\$53,270**.
- Elevator extraordinary expense: **\$39,134**.

This gives a YTD positive result after year-end adjustments of **\$6,007**

RESERVE FUNDS

On August 2012 the major reserve fund was suspended (\$1.74 per sq. ft.) and the capital reserve fund increased from \$0.42 to \$1.05 per sq. ft.

REVENUES

- **Maintenance Revenue: \$38,153** over budget mainly due to preventative maintenance done in all units in order to maintain 5 star standards. This program was created in early 2012.

ADMIN & GENERAL

- **Payroll Related** -Security Payroll ended **\$16,193** under budget due to efficiencies created.
- **Other Expenses**- Overall in line with budget

MAINTENANCE

- **Payroll Related-** Slightly under budget for @2,641 due to efficiencies created.
- **Other Expenses** -A special allocation had been made transferring the extraordinary maintenance expenses from 2012 operations to major reserve fund:
 - \$53,270 for cooling tower repairs in 2012
 - \$39,134 for elevator repairs in 2012.

After this allocation, maintenance expenses are in line with budget.

POOL AND BEACH

- **Payroll Expenses:** \$5,531 under budget due to revised schedules

Other Expenses

- All Pool & Beach expenses have been shared starting 2012, 50/50 between Strata and the Management Co.
- All direct pool expenses (chemicals, water consumption, cleaning,...) remain 100% strata expenses.
- Total of \$19,225 over budget mainly due to minor water sports supplies, purchase of beach towels in December and increased laundry costs.

ENERGY

- **Power & Water:** Considerable Reduction of water consumption using cistern water for the pool

4.02 YTD APRIL 2013 STATEMENTS

This was presented by PVH.

GENERAL OVERVIEW

- Year to date April ended with a negative result of \$40,036 compared to a negative budget of \$28,128 and a negative result last year of \$79,552
- On April 17th 2013 a new Management Agreement was executed between the Strata Corp and the Management Co. This agreement allows for a flat management fee as opposed to the existing percentage paid to the Management Co starting April 17th. However in order to balance the budget, the Management Co has agreed to pro-rate the fees for 2013.

REVENUES:

- **Water sports contributions:** Due to the change in the Pool & Beach allocation to 50/50, the water sports contribution the Management Co. had been paying was cancelled. This resulted in a negative variance to budget of \$5,000.
- **Maintenance revenues:** Due to high occupancies, no preventative maintenance was done in the first quarter. In addition, several April work orders have only been recorded after the cut-off date and therefore will be posted in the month of May.

- **Income from water/power:** 10% mark-up based on the utility consumption of the unit owners + cooling towers. Increased power costs combined with higher occupancy levels result in increased income for Strata.
- **Interest income:** Penalty interests charged on overdrawn owner accounts for 3+ months.

ADMIN & GENERAL:

- **Payroll & related:** In line with budget.
- **Other expenses:** Slightly under budget, mainly due to decrease in work permits.

MAINTENANCE:

- **Payroll & Related:** In line with budget.
- **Other Expenses:** Overall maintenance expenses are \$34,326 below budget which is a combination of different line items. The most important ones are:
 - A/C Related \$7,359
 - Maintenance supplies \$3,131
 - Other expenses \$7,350
 - Sewage plant \$7,831
- As several work orders only have been billed out in May due to timing issues, the corresponding expenses will also be recorded in May.

POOL & BEACH:

- **Payroll & Related:** In line with budget
- **Other Expenses:**
 - Overall expenses slightly under budget for \$2,879
 - All Pool & Beach expenses are now shared with the Management Co. on a 50/50 basis (towels, Pool & Beach payroll, laundry costs, small water sports equipment, uniforms, etc...).
 - All items directly related to the pool remain 100% Strata expense (chemicals, repairs, utilities, etc...)

UTILITIES:

- **Water:**
 - A major leak had been detected representing \$21,000. We tried to negotiate with the water company to receive any possible credit, but unfortunately we were unsuccessful obtaining any credit at all.
\$16,500 of total loss has been allocated to Strata Corp and the remaining is being paid by the Management Co. based on the proportional consumption of each entity.
- **Gas/Propane:** Consumption for pool heating included and was not budgeted for April.

ADDITIONAL COMMENTS ON STATEMENTS

- 2013 to Date Financial Statement – Though (11,809) suggest a loss, Patrick will explain that this will be zeroed by the end of the Year.
- PVH – Heating of the pool which is a big expense in January, March and December.
- CC- We should budget monthly based on what we anticipate.
- PVH outlines that it is allocated adequately in the budget.
- SH – Request PVH express how revenues from work orders go to Strata.
- JM – Notices Maintenance cost month. Is there a Category that is placed on the maintenance bill for multiple works.
- PVH – There is an assessment that has been calculated.
- CC – We need more accuracy in report. SH agrees.
- JN – Maintenance list is complicated.
- JM – Maybe we should develop a code for different works.
- CC – Maintenance should be tied more to the occupancy of units.
- SH – Owners shouldn't pay for persons that have high occupancy.
- CC – Biggest complaint is from Maintenance Charges.
- CC – Rates need to be reviewed.
- JN – If we eliminate the profit from Maintenance, we will have to make it up somewhere else.
- We can do that by raising strata fees. This is the issue of the closed system. JN agrees that we will do that.
- There is more efficiency to be had.
- SH – The work order system does show that there are more call outs for higher occupancy units.
- PVH – there is no mark up fee for materials or handling fees.
- Large variation in A/C Expenses
- JN – Elevator Line item – There are large cost savings with the new elevator contracts.
- The Board established that we contracted the other company for review of the current contract as a form of control.
- Pool and Beach has been halved as it is now shared with the management company.
- Common Areas - slightly over budget.
- Utilities to date 20004 over budget – There was a major water leak that cost of \$15000. The water company has not agreed to provided any credit. This cost was split between Management and Strata based on usage. Cost for strata was \$16500.00.
- RB and JM– Inquired about previous leaks
- RB – Showers are constantly on. SH reassured that this isn't from the water source.
- JN – Shared that we will look for a more permanent solution for the pool. Advised that this may require a closure of Resort.

5. REVIEW OF STRATA BUDGET 2013

PVH outlined the Strata Budget for 2013 –
PVH to provide.

6. UPDATE ON MAINTENANCE/CAPITAL EXPENDITURE WORKS

6.01 Elevator Contract

- DV – Outlined a list of issues with the elevator including the guest being stuck inside quite frequently.
- The contracted company was not effectively maintaining the elevator. DV explained the benefits of the new contract. No call out fees and no additional cost of spare parts (Lowered the cost by approximately \$3000 monthly savings.)
- There are alternative companies but they don't have sufficient mechanics staffed. Once an additional mechanic is hired we will consider the alternative company.
- Informed Owners that once a month the independent company will provide consultation on Global Tardiff's work.

6.02 Swimming Pool

- DV to provide proposal on fixing the pool for the upcoming season.

6.03 Refurbishment Update

- Wool Pads – Arrived & Installed
- Pillows – Arrived and placed in the units.
- Placements – In drawers with Napkins
- Cutlery – Set of 6 in each room.
- Bathroom Accessories – Replaced and in Bathrooms
- Patio Cushions – 95% replaced.
- Small Pillows – to be made by our upholstery team.
- Televisions – Replaced.
- Clocks – With Docking Stations.
- Blue Ray – A few to be sourced due to damaged ones.
- Cream Cabinets – Most have been replaced. Dark colors currently being replaced.
- Outstanding Item – Lampshades – This has been challenging due to finding a supplier that can provide the custom made lampshades. This will include the chandelier shades as well. It has to be custom made because of the Uno Ring design which is South African.
- CC inquired on sourcing from the original supplier. YD it is cheaper to source it from suppliers in the USA.
- JN – There will be a modest credit provided to each of the owner's.

- ST – Coffee Table. YD described the process for the lowering of coffee tables. If owners want coffee tables to be altered this can be done for \$60 USD.

6.04 Items for the Future- Second Phase

- Painting of the Rooms
- Restoration of the floors
- Kitchen Cabinets
- Bathroom Vanities
- Mattresses
- Moving of Paintings from behind the television
- Upholstery – Curtains, Carpets
- YD – List to be more clearly defined and provided to Owners.

6.05 AC Update

- AC System – We have to start thinking about how to replace the existing system.
- He recommends hiring a consultant. This will be money well spent.
- 3 Options – retain the existing system, going to Air cool system , or
- JN – Noticed that it's better to hire the independent consultants. Individuals tied to providing a service and a product only attempt to sell their services and products.
- DV – Researching possible consultants for this job.
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6 ELECTION OF THE EXECUTIVE COMMITTEE

Votes were tallied and the new 2013-14 Executive Committee (Board) was selected. The results of the Elections were announced by KW and with the exception of one new member the board was reinstated. The board will continue with business as usual.

List of Board Members

- James Nappo (Chairman)
- Douglas Demartin
- Stan Hartling
- Pamela Dash Seidler
- Nancy Vignola
- Kelly Carr

7 NEW BUSINESS

8.01 Electronic Key Cards

- JN- Expressed that the situation of keys were a management problem not owner issue.
- Owners were advised of the board decision not to proceed with an electronic keys system but rather commence an exercise of rekeying all units throughout the resort.
- CC – Inquired on why are we rekeying.
- JN – Explained that it was due to failures of current system and that we have master keys unaccounted for.

8.02 Review of Management Agreement

- JN explained the new structure of the Management agreement.
- JN expressed that we have altered the agreement to recognize the mutuality of the partnership.
- The new agreement prevents the control of any counterpart if there is a dispute.
- No dispute resolution existed in the prior agreement does now in a much more codified way.
- This agreement puts the owners in a good position for having equal and balanced partnership., with equal interest.
- It has an appropriate method for addressing all complexities of the asset.
- SH – The process went very well. The document is very high level and sophisticated.
- Recommendation in January – We will have an independent auditor for Strata to go through our accounts and how they track the agreements.
- We will tender a few different firms and take a choice.
- CC – Are we doing it locally? CC suggested PWC spends too much time filling forms and not auditing. It should be done by a smaller group or an individual.
- JN – Firms to provide 3 different levels of price.

8.03 Insurance

- CC – Inquired about insurance
- JN – All owners previously owned their own fee simple piece of property.
- The policy was designed for all owners to have an assessment for individual units that have been damaged.
- The new Insurance insures each individual unit for damages for the fee simple piece of property
- JN expressed that we wanted Reinsurers with higher ratings. We have upgraded to have higher rated insurers.
- We were not insured enough for the event of the resort closing due to hurricane.
- This new insurance covers Business interruption to pay strata fees on behalf of the owners.
- CD – Insurers coming in August to evaluate the property.
- BR – Inquired on whether or not all units rated equally or based on risk?
- JN – This will be the next step.
- How are values of insurance apportioned? – PVH to explain – Is it based on unit entitlements?

- JN – defined Content Insurance for owners stating that it was anything not affixed to the property (soft goods)

8.04 Other Business

- RB- Expressed that the quality of Amenities are poor.
- KW- Explains that two years of stock was ordered. They are almost completed and currently planning on restocking with higher end products.
- It was explained that Executive Committee decides on the supplies.
- Temple Spa is good but the supplier is in the UK- If they can cut back on shipping cost we can consider.
- RB – Sand into rooms by guest. He recommended that sourcing a welcome mat can be the solution to the problem. This will make it easier for housekeeping.
- Decals on the screen or faint line to stop guest walking through the screen door.
- RB – Issues with glass ware at the pool.
- KW – This is ongoing challenge. We are continually discussing. We can place a note in the room
- Patti Simpson – the way the p&b guys deliver cold towels in large tubs, This is not pleasant. A silver tray should be provided as a necessary touch.
- PS – We had P&B uniforms are inferior. We should have more linen type uniforms.
- RB – The lavender spray.
- CC- Inconsistency's for not having the cold tray of fruits and the spray which is wonderful. It is the little touches like this that add value to the resort.
- CC – New staff need to smile and have more anticipation of guest needs.
- KW – Significant Challenge on work permits. Government has taked a mandate on this at a high level. Persons being here for 6 years plus are being refused work permits.
- There is unemployment on island and requirement for hiring belongers. We have lost the ability to get work permits. We have won some battles.
- CC- Inquired on the possibility of hiring Beaches staff?
- KW – Most are expat as well and that would be difficult
- KW – Outlined our previous efforts to employ more qualified belongers by hosting the Job fair December. Only 26 of the 400 were really interested.
- KW – The association is working with the Government to try and change the situation.
- JN – Owners are not satisfied with the performance at the pool and beach.
- ST – They are shy to come up but when asked they do respond.
- KW- She is seeing an improvement.
- JM – Work is being duplicated due to not being done properly the first time.
- CC – Concern on Rates- Classic Vacation Rates. The division is not adequate. After expenses owners are not left with a reasonable income.
- JN – How do we differentiate our asset?
- CC – It should be Regent's Job to sell this product. Right now we are giving away the product.

- PS – We are giving away the product at a low cost. We are diminishing our product real value and the cost per room is not making any business sense.
- CC – Did comparison between Sands and RP. We are paying double per month for the same services of Phone and Internet.
- SH – Regent Palms is at a per key basis and Sands is per room basis.
- CC – We need to look at the per line items for the owners, internet, amenities etc.
- CC – Maintenance in Spa is poor including, steam Room ceiling and lights in bad condition.
- SH - We need to identify a niche market.
- KW – Guest are not staying long anymore.

9 ADJOURNMENT OF MEETING

Meeting was adjourned at 1:35pm.