
**PROPRIETORS STRATA PLAN #50
EXECUTIVE BOARD MEETING
JUNE 10, 2011**

MEETING ATTENDANCE:

Regent Representatives

Karen Whitt (KW)
Nicole Greatrex (NG)
Alex Rios (AR)
Patrick Van Hamme (PVH)

Board Members

Peter Kirby, Chairman (PK)
Frank Bigelow (FB)
Catherine Caldwell (CC)
Stan Hartling (SH)
Doug MacKenzie (DM)
Jim Nappo (JN)
Tim Webb (TW)

APPROVAL OF THE MINUTES OF THE MARCH 28th 2011 STRATA BOARD MEETING

Motion to approve minutes made by JN; seconded by TW. Approved.

REVIEW OF STRATA FINANCIAL STATEMENTS YTD APRIL 2011

Operating Results

PVH provided an in depth presentation of the operating statement of Strata.

April 2011 Y-T-D loss is \$21,101, which is a negative variance to budget of \$27,283 and a negative variance to 2010 Y-T-D of \$16,727.

PVH provided detail information on the most significant negative variances: Maintenance work orders, elevator repairs, sewage plant and electricity.

Income from work orders is 20% below budget. Looking at the variance between last year's figures (on which the budget was based), it was determined that last year's income from work orders included a considerable amount of water heater installations that didn't happen this year.

Water heaters installed last year: \$25,707

Water heaters installed this year: \$4,468

The work order procedure also has been improved, using a formal work order form for each work done inside of the Owner's Unit in order to facilitate the reconciliation and accuracy of billings.

CC had prepared an analysis of power from a financial perspective, which would indicate that power consumption is higher than the 13% reported by PVH. CC to review the analysis with KW and PVH. CC questioned why the Capex expenditures for the wood chipper (\$5,556) and the engineering storage container (\$2,700) would not be allocated in the same percentages as dictated in the Cost Sharing Agreement. PVH said that he did not allocate these expenses because they are CAPEX. After discussions PVH agreed to make an adjustment to these expenditures to allocate the proper percentage back to Resort, based on the Cost Sharing Agreement.

Capex Reserve

Capex expenditures of \$65,653 in Pool & Beach area are exclusive of the beach chairs (\$35,616). Estimated Capex negative variance to December 31, 2011 is \$39,876, and detailed as follows:

CAPITAL EXPENDITURES

Balance April 30, 2011	(12,685.96)
Estimated expenditures: May - Dec. 2011	
Ordered to 4/30/2011, not invoiced	(36,126.48)
Beach chairs - budget	(35,616.00)
Re-allocation Chipper &	
Engineering Container	3,320.00
Pool deck replacement - budget	(7,000.00)
Unit Owner funding May - Dec. 2011	51,552.00
Estimated balance December 31, 2011	<u>(36,556.44)</u>

Major Reserve

Outdoor lighting (\$25K), driveway repair (\$10K) and the quad beach motorbike (\$9.8K) have been removed from the budget. Major expenditures on the Cooling Towers will be deferred until after the Reserve Fund Study is completed. Expenditures of ~\$12K will be made to keep the Cooling Towers in operation and safe in the interim. The Reserve Fund Study (\$30K) and the Energy Audit (\$9K) will be charged to the Major Reserve. The total cost of the Energy Audit is approximately \$18k, but the cost will be split 50% with the management company, so the cost comes to \$9k.

Estimated Major Reserve Fund balance to December 31, 2011 is \$1,078,811, and detailed as follows:

MAJOR EXPENDITURES

Balance April 30, 2011	980,867.04
Estimated expenditures: May - Dec. 2011	
Cooling Towers - revised budget	(12,000.00)
Cameras (30) - budget	(20,000.00)
Grace Bay security program contribution - budget	(10,000.00)
Pool heating - estimate	(35,000.00)
Reserve Fund Study - estimate	(30,000.00)
Energy audit (50% of \$18K) - estimate	(9,000.00)
Unit Owner funding May - Dec. 2011	213,944.00
Projected balance end of 2011	<u>1,078,811.04</u>

Electricity/Fuel Factor

Motion by JN to review the operational deficit at the end of the year and consider a special assessment that is limited to the total amount of fuel surcharge over the budget.

PK stated to include the fuel factor trend line in December meeting. PVH will prepare a monthly report showing the exact variance due to fuel charge.

Seconded by TW.

Review allocation of fees

Motion by JN to set up a sub-committee of the executive committee that is going to review and analyze with the management company the allocation formulas that are currently operative. The sub-committee will report back to the executive committee in December with the results of analysis. JN and DM will be the two on the committee. Seconded by DM.

KW will prepare a report for December meeting to Executive Committee comparing allocation of fees from different hotels.

Major Reserve Study

Motion by DM to accept the contract from Wiss, Janny, Elstner Associates to perform a detailed study categorizing items that will eventually need to be replaced on property and the time frame. This will provide a reference point for the future expenses and how much is needed in the reserve.

Seconded by JN.

Contract was signed by PK.

Consultants will only be here for 2 days and the cost will be around \$30,000.

This is planned for August or September.

AR will be available when the consultants come down.

Maintenance

AR gave a detailed report on the ongoing maintenance of the property.

Waterproofing has to be done, this has been approved. Plan is to re-slope deck to allow for proper drainage.

Maintenance needs to be done on all the sliding doors and windows. AR is having someone come in July to look over all sliding doors and windows to find out what needs to be repaired to maintain.

Energy Management system will be tabled at AGM meeting. DM had installed in his unit and it saves him on average 20% to 30% on power.

Still under review are the cooling towers.

Waste Water Treatment needs replacing. This new system will also reduce power costs. The system is already being used on the island by other hotels. AR stated new system could be installed when contract is signed. Somerset will have to pay their share.

Cracks on walkways throughout the property have all been repaired.

Motion by CC to secure a gas heater for the pool in accordance to the bid that AR has of \$35,000 and to have it properly vented. Seconded by JN.

Motion by TW to conduct an energy audit up to \$18,000. This will be a 50/50 cost share split with SH and Strata. Alex to select either Trace or Sequil. Seconded by SH.

Elevators have been another large expense due to high cost of repairs charged by Global. AR is getting maintenance proposals from two new elevator companies on island to try and reduce cost.

Motion to adjourn meeting made by DM. Seconded by TW.
Meeting adjourned at 4pm.