

MINUTES

OF THE ISLANDER OWNER'S ASSOCIATION, INC REGULAR SCHEDULED BOARD OF DIRECTOR'S MEETING

Held SATURDAY, FEBRUARY 20TH, 2016 AT 9:00AM CST IN THE PALM ROOM OF THE ISLANDER
CONDOMINIUM AT 502 GULF SHORE DRIVE, DESTIN, FLORIDA 32541

The meeting was available by telephone @ 1-800-444-2801 Code 6921782

Board of Directors Present: Fisher (Axel) Feltenberger, (#303), Rosemary Bubien, (#411), Ken Dixon (#704), Dr. Linus Carroll (#209, 613, 706), Sharon Schlott (#413, 603) & Bob Whitley (#508)

Board of Directors Absent: Larry O'Bryan (#318)

Management: Stephen Parish, General Manager; Megan Pollak, Assistant General Manager; Helene G. Korski, Transcription

Members Present: Tina Thomas (#204), Ben & Jane Oliver (#217), Tom McIndoe (#417), Arlene Whitley (#508), Lair Ries (#509)

Owners Present via Telephone Conference: Lou & Marianne Reiner (#305)

- 1) **Call to Order:** The President called the meeting to order at 9:00AM CST.
- 2) **Roll Call:** The President called the roll and confirmed that a Quorum was established.
- 3) **Proof of Notice:** Megan Pollak confirmed the notice of meeting was properly posted in accordance with Florida Statute 718.
- 4) **Approval of Agenda:**

Motion: Rosemary Bubien moved to approve the agenda, 2nd by Robert Whitley.
Vote: No discussion, vote unanimous. Motion carried.
- 5) **Approval of Minutes (November 14, 2015)**

Motion: Robert Whitley moved to approve the November 14, 2015 Minutes as published, 2nd by Linus Carroll.
Vote: No discussion, vote unanimous. Motion carried.
- 6) **President's Report – Axel Feltenberger**

Mr. Feltenberger invited the members present to participate with any comments or questions. He explained that the matters on this Agenda were discussed at length at the Workshop meeting on Friday.
- 7) **Finance Committee Report – Megan Pollak**
 - a) **2015 Year-End Financials**

Association
Income: There were two (2) special assessments: a) one for the front doors (which installation was deferred from the 2010 renovation), and b) one for the two (2) ADA required pool lifts to be installed. Said special assessments monies are reflected in the 2015 income which accounts for the excess income.

Real estate income was \$30,000 ahead of budget. As stipulated a portion of these funds was used to pay the Association's portion of the employees' Christmas bonus.

The Palm Room generated \$1,300 in revenue since the renovation. Revenue has been applied to reduce the line of credit.

Expenses: Items over budget:

- Palm Room renovation \$57,000,
- Contingency account:
 - 2nd floor pipe repair (\$8,000),
 - Freeze/Oasis Planting in Spring 2015 (\$13,250),
 - The ADA settlement (\$2,500),
 - Landscape & pool lighting (\$5,700),
 - Unclogging of the main drain repair (\$2,500),
 - Railing inspection (\$1,600) and
 - Partial payment for handrail modifications following inspection (\$4,400).
- Employee Gift/Bonus (\$6,635) which was greatly appreciated and the payment to the Rental Company for the due to from was paid in January,
- Real Estate expenses (\$8,900); and
- Finally the 2015 Insurance expenses of \$141,600 which was \$2,000 over budgeted amount.

Rental

Income: The 2015 Rental Commission was \$23,000 above budget and that excess was mainly attributed to the 2nd half of the year. The implementation of the damage waiver generated an additional \$108,000. The budgeted amount was \$90,000 thus generating \$18,000 in excess revenue.

Expenses: Rental funds were used to decrease expenses for the Rental Owners:

- Paid the annual rental deep cleans fee of \$200 to the housekeeping company
- Purchased linens at a cost of \$17,000 saving the Rental Owners \$160/unit,
- Purchased 12 grocery carts,
- Purchased Virtual Tours for all rental units, a saving of \$250/unit.
(Total 2015 cost savings Islander Rental owners \$610)

2015 Reserves

The 2014 year end reserve balance was \$591,781 and at 2015 year end the balance was \$764,307. The major expenses were the re-plastering of both pools by Aqua Pool, the Palm Room renovation, the replacement and widening of the roof hatch and finally, the Phase II roof resurfacing.

b) 2015 Audit

Mrs. Pollak confirmed that Carr, Riggs and Ingram were on site in December to continue work on the 2015 Audit. So far, the work completed includes setting up 2015 work papers, completed most planning work, performed interim testing of various revenue and expense accounts and other general procedures such as reading previous BOD meeting minutes. The CPA will be returning in March to complete the Audit.

Palm Room – Megan Pollak

Mrs. Pollak invited the members to visit the new Palm Room website at www.islander-palmroom.com. The Palm Room is promoted and Mariah has linked it to multiple internet and search engines. Once the professional pictures and virtual tour are completed, the site will be linked to the Islander website. Mrs. Pollak and the Islander's

attorney are refining the Palm Room Agreement. As recommended by our insurance agent, we will require future rental events to purchase "Event insurance". She also elaborated on the promotional and marketing strategies.

8) Management Report – Stephen Parish

- Thus far none of the frost resistant plants planted following the deep freeze have been lost this winter. The less hardy flowering plants will be added this spring \$8,000.
- The stairwells and the lobby bathrooms have been repainted.
- Leak in the Phase I pool house bathroom fixed.

Work in progress and still to be done includes:

- Replacement of old ground landscaping and parking lot lights with LEDs as they fail,
- Replacement of Phase II pool bathroom ceiling,
- Painting of the beach gate (behind schedule due to weather)
- Completion of the tennis court resurfacing (Anticipated early March when weather conditions favorable). The current lines, including pickle ball are temporarily traced.
- Application of new seals on railings on the walkways (seals to be put on bolts to prevent oxidation).

At Mr. Parish's request Mrs. Bubien recapped the Friday Working Group discussion and status of the front doors.

- Following the State's review of the corrected outward/inward swinging door and paperwork, the engineers were asked to provide new drawings on the "closures" or hinges to the State as part of the spec sheet.
- The door entrance to individual units varies. Some units have a greater area on the right side as you enter necessitating adjustment of door placement and framework finishing.
- Two building permits will be secured – one for the previously installed doors, and one for the doors to be installed.
- The City of Destin has not yet issued permission for work to resume.

Motion: On Behalf of the Friday Working Group, The Islander shall pay any additional expenses related to installation of the front doors and any additional finishing work required to the previously installed front doors from the \$20,000.00 in funds collected to pay the original Memphis contractor. Any fees above the \$20,000.00 will be billed to individual owners due to variances in the individual owner's doors. Alex Koskey will be asked to provide details as to which units required additional repairs to management moved by Rosemary Bubien, 2nd by Linus Carroll.

Vote: No discussion, vote unanimous. Motion carried.

9) Marketing / Advertising Report – Stephen Parish

Occupancy Report

The Snowbird season has been particularly soft resulting in \$50,000 in lost revenues due to the Canadian dollar depreciation. The 2017 season has been similarly impacted and is around \$40,000 behind 2016 advance bookings. (Exhibit Gross Revenues 2015/2016)

The Islander has had its strongest start to the year to date with bookings close to \$100K ahead of 2015 (about 12.27%.) The other piece of good news is that the online bookings are back to the higher 2014 level and again represent around 50% of total bookings. Our new VR tours are fantastic and we have noticed that the platinum and gold units are getting snapped up.

Advertising / Marketing Report

Prepaid \$4500 to Google in 2015 and have 58K Fans on Face book.
The website is being updated using stills from the VR tour shoot.

Unit Evaluations Updates

To Do: As discussed Friday Management will prepare a new unit grading criteria sheet for units' evaluation for discussion at the May meeting.

10) Unfinished Business

a) Sliding Glass Door Update

As detailed in Alex Koskey's letter (Exhibit Koskey Corporation) unforeseen problems were encountered with the 1st installation which could not have been projected prior to the actual installation of the door. Consequently, there will be an additional charge of \$279.68 per door to address the deficiencies in the existing trim/finishings to bring the doors up to code.

Management and the Board are exploring payment options including the use of Islander real estate income from closings to cover the additional cost but a special assessment cannot be ruled out. Payment method will be added to the May agenda.

Mr. Parish invited owners to view the new patio door which has been installed in 312 immediately following the meeting.

Mr. Feltenberger indicated that due to 2 owner complaints he would recap the history of The Islander's major renovation and reconstruction which took place in 2010 and the items deferred to facilitate understanding by all owners.

Pre-renovation the Reserves were not fully funded resulting in high-cost owner assessments. Due to the high cost of the assessment replacement of the front doors, the sliding glass door, the front windows and the Palm room renovation were deferred. The Board waited a few years to start the projects to enable owners to recover. The commissioned work for the Palm Room was completed in 2015. The special assessment for the new front doors is now complete. The sliding glass doors are scheduled for 2016 and the special assessment is in place. Replacement of the front windows is scheduled for 2017.

Mrs. Pollak confirmed that sliding doors will be ordered in August to start installation in mid-October.

11) New Business

a) None at this time.

12) Adjournment:

Motion: Ken Dixon moved to adjourn the meeting, 2nd by Rosemary Bubien.

Vote: Unanimous. Motion carried. Meeting adjourned at 9:45AM.