

MINUTES

**THE ISLANDER OWNERS ASSOCIATION, INC.,
BOARD OF DIRECTOR'S TELEPHONE CONFERENCE MEETING
HELD SATURDAY, FEBRUARY 22ND, 2014 AT 9:00AM
IN THE PALM ROOM OF THE ISLANDER CONDOMINUM,
502 GULF SHORE DRIVE, DESTIN, FLORIDA 32541**

Board Members Present: Fisher (Ax) Feltenberger (#303), Leo Rolfes (#405), Jim Swanson (#712).

Board Members Present Via Conference Call: Sharon Schlott (#413), Ken Klus (#502)

Members present: Paul Scheffel (#106, #109), Dr. Linus Carroll (#209, #607, #613, #706), Ward Johnson (#414), Jimmy and Carole Marie Stuart (#516).

Members Present Via Conference Call: Louis Reiner (#305), Victoria Waldie (#407), Jerry Moore (#601).

Management Present: Stephen Parish, GM, Megan Pollak, Assistant Manager,
Helene G. Korski, Transcription.

1) **Call to Order:** The President, Ax Feltenberger, called the meeting to order at 9:07AM.

2) **Roll Call:** 5 of 6 Board members present, 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: To Amend the Agenda moved by Leo Rolfes to move Item 10 a) to item 6 a) Placement of 7th Director, 2nd by Ken Klus

Vote: No objection, Motion carried

5) Approval of Minutes (November 9th, December 16th, 2013):

Motion: To approve the November 9th and December 16th, 2013 Minutes moved by Leo Rolfes, 2nd by Jim Swanson.

Vote: No objection. Motion carried.

6) President Report – Axel Feltenberger:

The President welcomed all members present and on the telephone conference. He then announced that the Islander was now represented by a New CPA firm, Carr, Riggs & Ingram. He acknowledged the need for numerous plants to be replaced due to the effect of the ice storm affecting most North West Florida landscaping.

a) Point 10 moved to 6A: Placement of 7th Director:

The president explained that three (3) candidates volunteered for the 7th position on the Board: Jerry Moore, Dr. Carroll and Larry O'Brian. The President offered each candidate to address the members prior to the vote. A secret vote followed the introduction. The meeting recessed at 9:45AM and reconvened at 9:50AM with the following results:

- Dr. Linus Carroll - 1 vote
- Jerry Moore - 2 votes
- Larry O'Brian - 3 votes

Larry O'Brian is now the 7th member of the Board of Directors.

The President congratulated Mr. O'Brian (which was not present at the meeting due to an accident which resulted in 2 broken ribs) and thanked Mr. Moore and Dr. Carroll for volunteering and Dr. Carroll for his services in the past. Election time is around the corner and hope you plan on running.

7) Financial Committee Report – Leo Rolfes:

a) 2013 YTD Financials – Leo Rolfes

Leo Rolfes acknowledged that following the annual meeting, the Association received a letter from Jamie Hardy's CPA firm announcing that they will no longer represent the Islander. Management met with other CPA firms. Mr. Rolfes explained that he also met with the new CPA representative to discuss multiple financial issues, how to prevent fraud, better practices to better exercise control, and having assets protected under the FDIC umbrella. He suggested that we

make sure we have contracts in place and monies ready in case of a catastrophic event. He added that the new firm will put us in contact with other firms for our Reserve analysis.

Discussion: There was discussion and suggestions regarding the FDIC securities protection.

To Do: Management to investigate about FDIC securities protection at Trustmark.

Mr. Rolfes referred the members to Owners Association "Profit and Loss Budget" from January 2013 through December 2013. He mentioned that the good news was that there was a Net Profit of \$59,430.86 and only \$10,000 remained on the Line of credit. He then mentioned the Insurance premium and Reserve Funding is about 40% of the expenses. Megan added that the replacement of dead plants was not covered by the insurance but the CPA confirmed that the renovation coverage could be used to partially fund the new landscaping. Megan also confirmed that the buildings were insured as 2 buildings.

To Do: Considering that the Insurance premium represents 16% of the expenses, Management will explore the possibility of lowering the premiums by looking at other insurance agencies.

Mr. Rolfes continued with his explanation of the Rental Management "Profit and Loss Budget" from January 2013 through December 2013. He stated that the good news was that the Net Income was \$106,109.77 due to a very good year as far as occupancy was concerned and that the bad news was that rental owners will have to pay some income tax. He reported that Jamie Hardy's idea to create a contingency accounts to return the profits to the owners participating in the rental program was considered illegal by the new CPA firm.

Discussion: Stephen Parish explained that the additional income came from the great occupancy in September and October. No one expected this situation but it is a great situation to have and we can only hope it continues.

b) January 2014 Financial –

Mr. Rolfes reminded the members that this year, in order to alleviate said situation, the commission has been reduced from 28% to 25%.

To Do: Management to refer to the content of the Condo Docs for guidance at Section 5 on page 109 "Fiscal Management – Operation" stipulating that "excess surplus can be used to reduce expenses". Issue to be discussed with CPA representative to evaluate possibility, for next year to apportion excess to the reserves.

c) 2013 Audit Update -

Refer to 7 a) Audit to be completed by new CPA firm March 31, 2014.

8) Marketing / Rental Working Group Report – Stephen Parish

a) Occupancy Report – Stephen Parish

Stephen Parish stated that the Snowbirds season was very successful. He added that the reservations for March and April were soft and explained that due to the bad winter, the different school districts were delaying and shortening spring breaks but he expects last minute bookings for that period. On the other hand, he added that June and July were very strong producing \$100,000 income ahead of last year. He was pleased to announce the return of Paul Scheffel's unit 109 to the Rental Management Program.

b) Advertising / Marketing Report

Stephen Parish confirmed that the online bookings were up and that they will continue to utilize Google as #1 and kept posting pictures of numerous events on Facebook to keep readers' interest during the course of the winter.

c) Unit Evaluations Updates

Stephen Parish confirmed that all up-graded units will be re-evaluated and new pictures taken over spring break as soon as the units are empty. He reminded all owners having made up-grades in their unit to notify Management so that said units can be re-evaluated and new pictures and grades be posted on our Website.

9) Management Report –

The President congratulated the Patio Furniture Committee for their good work and choice of the new patio furniture. Stephen added that installation of the Gym had a huge success and impact among the Snowbirds. He acknowledged having some minor issues with COX. They were to install new Modems in all units last year but old ones are still being found. As for replacing the landscaping, he will take before and after pictures to illustrate the importance of curb appeal for the

Islander's image. A description of the ice storm was given and the obligation to ground the Snowbirds during the icy period. He concluded that Management was now recruiting front desk employees for the up-coming busy season.

Megan added the following up-coming events:

- Pool re-plastering in fall \$12075 East and \$9545 West to be funded by Reserves
- Trash chute: 5 doors need to be repaired/replaced to be funded by Reserves
- Pool house roof boots are in need of repair
- Parking lot pump: If it cannot be repaired, it will have to be replaced
- Purchase of 6 additional pool umbrellas to make a total of 10 on the East and 8 on the West

10) Unfinished Business:

a) Placement of 7th Director : Moved to Point 6 a)

b) Playground

Rosemary Bubien is working on the Playground project to investigate the size, site, cost, and theme. To be funded out of advertising for a max of \$10,000. Results of the research to be presented at the May BOD meeting.

c) Patio Furniture

Megan stated that five (5) owners were not participating in the replacement of the patio furniture and she is asking permission from the BOD to draft a letter to said owners requesting them to comply. She added that they can purchase the furniture at the bulk price as long as it is not made as a "Special Order". BOD allowed Management to purchase the available extra chairs.

To Do: Management to draft a letter addressed to the non-participating owners for compliance.

11) New Business:

a) General Manager Contract / Assistant Manager Contract

The President stated that the Committee finalized the language on the contract together with the job description. He added that once all final changes are made, i.e.: Item 4 e) Severance pay to be of 30 days instead of 90 days and addition of a Release Form, the document will be submitted for signature.

Motion: To approve the final General Manager Contract / Assistant Manager Contract document moved by Sharon Schlott, 2nd by Jim Swanson.

Vote: No objection, motion carried.

b) Staff Bonuses

Board members acknowledge that bonuses are motivation for employees. Leo Rolfes and Ken Klus will try to find an objective way to tie objectives to bonuses and will establish the rules.

c) Employee Handbook

To Do: Subject tabled until next meeting. Management will review the document and present changes.

d) Prepare Proxy

Management will be sending 3 proxies together with explanation for each:

1. Amending the condo documents to incorporate Foreclosure State Law;
2. Amending the condo document to reduce the required 75% votes to 66% needed for material alterations
3. Amending the condo document to change the "NO Pet Policy" to an "Owners' pets policy".

Dr. Carroll volunteered to collaborate in the drafting of the proxy language to better explain the changes being proposed by the proxies.

The President confirmed the importance for owners to return their executed proxies as failing to return their proxy is considered a "NO" vote.

e) Allow Owner Pets

A committee was formed with Carole Marie Stuart and Victoria Waldie to draft stipulations, rules and regulations permitting Owners only to bring their pets. Stipulations as to: size, animal, number, owners' sole responsibility, etc.

The Board agreed that cats and birds would not be allowed due to allergies.

To Do: Committee to inquire about other Condos' regulations/problems due to the presence of dogs on their property.

f) Renovation Overage

Attorney confirmed that the renovation excess monies can be applied to the landscaping replacement. Board confirmed this is where they want the overages to go.

g) Pest Control Recommendation

Stephen acknowledged that the problem with the American palmetto bugs was being attended by the pest control treatment. He also acknowledged that once the German cockroach problem was identified, the pest control company succeeded to eliminate the problem. In accordance with the said company's recommendation, the Board gave maintenance authorization to seal with special foam all cracks in all units to eliminate infestation or proliferation of said bugs.

h) Discuss Value of Telephonic Board Meetings

Acknowledging that meetings in person were much more valuable and effective, Board members unanimously agreed that members will attend future Board meetings in person. Unless unforeseen matters arise, said Board member will have the option of attending via telephone conference. Board members are expected to be present at the meetings.

i) Doors / Window Committee Selection

During the last Workshop session, the committee decided to move forward in replacing front doors and windows. Subject tabled until all bids and costs are estimated and analyze by Ken Dixon.

Discussion: It was recognized that the windows were the original but the front doors had been replaced after Hurricane Opal. Said replacement will require a special assessment.

12) Adjournment: Motion to adjourn moved by Jim Swanson, 2nd by Sharon Schlott. No objection. Motion carried.

Note: All Committee Workshop will be held the day preceding each Board meetings (Friday).
All owners will be notified, via email, of the Board's and Committee Workshop schedules or of any changes.