

**MINUTES**  
**ANNUAL OWNERS MEETING**  
**Held NOVEMBER 8<sup>th</sup>, 2014**  
**in The Islander Condominium Palm Room at**  
**502 Gulf Shore Drive, Destin, FL**

**Board Members Present:** Fisher (Axel) Feltenberger (#303), Ken Dixon (#704), Leo Rolfes (#405), Sharon Schlott (#413, 603), Ken Klus (#502).

**Members Present:** Jeffrey Zola (#116), Cathi Boles (#119), Louise & Stan Squires (#213), Ben Oliver (#217), Rosemary Bubien (#411), Dennis Schlott (#413, 603), Allen Carpenter (#414), Tom McIndoe & Barbara Riley (#417), Donna Klus (#502), Mary & James Coston (#505), Mark & Dawn Hamilton (#510), Chris & Tom Frichtel (#503), Terry & Tammy Allgeier (#610), David Clausen (#611), Betsy Harmon (#616).

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

The president opened the meeting by thanking Stephen and Megan for organizing the Owners' dinner.

- 1) **Election of Chairman of Meeting:** The President, Ax Feltenberger, called the meeting to order at 9:05AM and called for nominations to elect the Chairman. Dennis Schlott nominated Ax Feltenberger as Chairman, 2<sup>nd</sup> by Louise Squires. No other nominations. Mr. Feltenberger accepted the nomination.
- 2) **Roll Call:** The Chairman called the roll and confirmed that a Quorum was established by members present (16) and by proxies in hand (95).

3) **Approval of Agenda:**

**Motion:** To accept the agenda as presented moved by Ken Dixon, 2<sup>nd</sup> by Sharon Schlott.

**Vote:** Unanimous. Motion carried.

- 4) **Proof of Notice:** Megan Pollak confirmed that Notice of the 2014 Annual Meeting was properly posted in accordance with Florida Statute 718.

5) **Approval of 2013 Annual Meeting Minutes & Continuation Meeting Minutes:**  
(Documents included in the 2014 Annual Owners Meeting package pages 1-6.)

**Motion:** To accept the 2013 Annual Meeting Minutes & Continuation Meeting Minutes as presented moved by Rosemary Bubien, 2<sup>nd</sup> by Louise Squires.

**Vote:** Unanimous. Motion carried.

6) **Appointment Inspectors of Voting:**

The Chairman stated that Four (4) candidates were running to fill the Three (3) vacancies on the Board.

Said vacancies will be filled by the vote of the majority.

Volunteers Inspectors: James Coston, Tom McIndoe and Christine Frichtel.

a) **Count and Verify Ballots:**

Inspectors left the Palm Room for verification and tabulation of the Ballots.

7) **President's Report - Axel Feltenberger:**

Things are looking up. You will like what you hear in the following reports.

8) **Finance Committee Report – Leo Rolfes:**

Leo Rolfes referred to page 3 of the 2013 minutes. He reported that the new CPA firm, Carl Riggs Ingram, (CRI) informed the Finance Committee that setting up an account to avoid owing income tax for the Rental Company cannot be done.

He then referred to the Finance Report on page 9 “Association Profit & Loss Budget vs. Actual from January through September 2014.” He compared the 2013 revenue vs. 2014 revenue and noted that thanks to the Real Estate market 9 units were sold this year by Stephen as listing or selling agent. Real estate revenue through September 30, 2014 was \$30,000. Association income through September 30 is \$23,470.34 ahead of budget.

An increase in the owners' monthly assessment is necessary this year mainly due to an increase in insurance cost as well as an increase in reserve funding based on the recent study. The 2015 Monthly Assessment will increase \$67.84 which totals \$588.05 monthly. Furthermore, in order to avoid voiding the warranty on the waterproofing of the building, Mr. Bowman recommended delaying the window replacements until we are due for waterproofing which will be around year 2017.

Discussion: To the question if the Insurance a “one time increase” Megan advised we have gone to a new agent. She is very satisfied with their responsiveness. In discussions with them we can expect yearly increases; however, no amounts have been suggested.

Mr. Rolfes referred to Finance Report on page 11 “Islander Owners Rental Management Profit and Loss vs Actual from January through September 2014”. The Rental Management Company shows a net income of \$53,442.67 over budget through September 30, 2014. This is quite remarkable considering 2014 commissions were reduced from 28% to 25%. The 2015 Rental Management budget provides for commissions being reduced to 23%.

Mr. Rolfes referred to page 15, the 2014 Reserves Analysis. He noted that reserves as of September 30, 2014 totaled \$554,000. This is up \$168,000 from September 30, 2013. He credited Megan for her diligence and thriftiness regarding expenses and her reluctance to use reserve funds for ordinary expenses.

Mr. Rolfes commented he was glad to report that The Islander had a very good year. Megan added that they were very happy with the new CPA firm, new attorney firm and new insurance company. These are very positive changes.

Mr. Rolfes referred to the Finance Report on Page 17 “Islander Owners Balance Sheet commenting that the Trustmark line of credit was almost paid off as of September 30. Megan added that as of October 31<sup>st</sup>, the 3701-1 and 3703-1 notes were paid in full. On Page 18, the total Equity is \$443,002.39. He concluded his report saying that The Islander was in good position.

9) **MARKETING/RENTAL Report – Stephen Parish:**

Stephen Parish referred the members to Page 19 depicting the growth in the Gross Revenues 2013/2014/2015: He described the “Polar Vortex in January/February, biblical flood during spring and the problems with our phone after the building was hit by lightning.” Numerous plants/bushes had to be replaced and repairs had to be made to our telephone system and Webcam.

Mr. Parish reported that as previously stated, the year was tough from the beginning. We were struggling to get ahead and in June/July we had lift-off. From mid-June to the 3<sup>rd</sup> week of July, we

were sold out so, we revised these peak weeks upwards by 6% in 2015. Otherwise we hope to continue with the steady growth. We will also have the benefit of the damage waiver fees.

Mr. Parish explained that the \$35 booking fee was instituted to encourage internet booking. On-line bookings now represent 63% of the bookings. This fee will be replaced by a Damage Waiver Fee of \$9.00 per day for accidental damage up to \$1,000 for a maximum stay of 14 days beginning in 2015. He added that said fee will cover only for accidental damage not normal wear and tear. Anything preventable will not be covered.

Rental Commissions have been reduced from 25% to 23% in 2015

On Face book we went from 11,000 to 28,000 fans over the summer and we are #5 on Trip Advisor. We are highly ranked using Google keywords. In 2015 we will continue to develop the "Islander's Kids Club" with Giggles the Clown, Nonie's Ark exotic animals and painting on the beach (or inside workshop if raining).

Website: we are going to re-appraise the units before the New Year and re-shoot the VR tours as soon as we can maybe adding a you tube video. The old tours are with the old provider and it is not worth paying fees for an old system.

#### 10) **Management Report – Stephen Parish:**

Mr. Parish reported that the Polar Vortex with 18 degree temperatures resulted in losses of \$25,000 worth of plants, the replacements are 80% adapted to arctic temperature. (All except the Hawaiian Ties) The negative effect of this weather was schools in session over Spring Break and Memorial Weekend leaving us \$30,000 in the hole against budget. The biblical floods we had in April also added to this shortfall.

The year really turned around for us in June and July when we made significant gains so much so that July hit \$600,000 for the first time in recent Islander history. This growth over budget hit \$151,000 by the end of October.

On October 13<sup>th</sup>, our building was hit by lightning resulting damage to the telephone exchange and our roof webcam. We have filed a \$10,000.00+ insurance claim and expect settlement shortly.

**Landscaping:** Our landscapers used the \$25,000 spent in February very wisely and the effect is outstanding just check out the entrance way from the Lobby exit to the pool area the 3 magnolia trees were replaced with 5 palm trees and hibiscus to fill in and 7 palm trees were planted by the west pool producing a great effect. We still need to replace azaleas in the parking lot because the soil is too sandy.

**Real Estate:** The brokerage had 9 sales in 2014. So far, 8 Islander units and 1 off site sale. Prices are moving up slowly not quick enough for me, although I have just listed unit 514, the top producer on the west side, for \$244,500. The total amount in sales exceeded \$1.8M for 2014.

**Legal:** Mr. Parish described 3 pending claims.

April 2013: We have on "slip and fall" case that we have reported to our insurers. Todd and Bob Whitley have given their depositions. The plaintiff has also given her deposition and our counsel said she presents a very weak case.

June 2014: We had a HIPS rental guest playing soccer on the grass near the west shuffle board court. He trod on the drain causing a deep gash on his foot. As a courtesy, we paid his ER bill and we are fighting to settle for \$2000. I understand that they will settle for an additional \$232.00. This has now been settled after support from the BOD for \$2,232.00.

3<sup>rd</sup> Case: Disabled guest complained and sued claiming that we do not have lifts at to the pools. We have no evidence that he stayed here.

**BP Claim:** James Carroll, our lawyer, recently requested some accounting information and we had to re-supply the monthly Profit & Loss statements in an excel spreadsheet rather than PDF files. Megan reacted and immediately expedited the necessary information resulting in keeping our claim from being dropped to the bottom of the pile.

**Maintenance:**

- Working on all walkway windows;
- Replace broken pavers;
- Where the metal flashing joins the roof there is water intrusion and need caulking;
- Water damage to walls in lobby need repair and repainting;
- Scheduled in February: pools resurfacing and LED lights to be installed;
- Phase I pool has small leak;
- Phase II spa has a small leak;
- Over the next 3 years, planning to switch to LED lighting;
- LED lights have been installed in both hot tubs;
- Maintenance to check all water heaters and let owners know via email if any problems are discovered and plan to complete ceiling repairs before deep clean is performed.

As discussed in the working session Friday, granite countertops have to be sealed by owners. Many compliments have been received over entranceways music.

**11) Unfinished Business:**

a) Counting Proxies prior to meeting results:

Amending Article XI, Paragraph E, Section 2 of the Declaration of Condominium regarding the percentage of voting for approval of alterations by Owners from 75% to 62%:

Needed 66% (84) – received 94 yes. Amendment passed.

Amending Exhibit XII, Section 6.1 of the Declaration of Condominium regarding allowing certain dogs to occupy Owners own unit:

Needed 66% (84) – received 63 yes. Amendment failed.

Postponing the replacement of the guest's bedroom window and kitchen window until waterproofing of building is needed. To accomplish replacement of front door and front door hardware in two (2) years as authorized by the Board of Directors at its August 23<sup>rd</sup>, 2014 meeting:

Needed majority (65) – received 109 yes. Item passed.

To authorize application of all excess membership income over membership expenses for the year ending December 31<sup>st</sup>, 2014 (if any) against the subsequent tax year member assessments, as provided by IRS Revenue Ruling 70-604 and in full accordance with Rulings and Regulations of the Internal Revenue Service:

Needed majority (65) – received 105 yes. Item passed.

**b) Employees Bonded:**

The Islander's insurance covers BOD and employees for theft up to \$750,000.

**c) FDIC Limits:**

Following Mr. Jeff Johnson's recommendation, we now have two (2) CDs. (Page 16 Islanders Owners Balance sheet 1092-3)

**d) Flood lights at front entrance:**

Addressed.

**e) Bed bug Protectors:**

Megan Pollak confirmed that all beds in master and guest bedrooms for non-rentals and rentals units have been covered with bed bug protectors including box springs and mattresses.

**12) New Business:**

No new business.

*While awaiting the voting results, the Chairman opened the discussion to all members.*

High Definition: Megan Pollak reported that that COX's High Definition plan for a bulk unit purchase was between \$20 - \$22/mo. She suggested that Owners obtain an individual box for \$10 to \$11 per month.

Status of the Play Ground: Ax Feltenberger reported that the project is tabled. Priority is given to the Palm Room renovation.

Beach Survey: Jeff Zola requested management ascertain The Islander Beach boundaries.

**To Do:** Management to obtain survey identifying The Islander's beach boundaries.

Status of Unit 214: Foreclosure completed. A settlement was reached with the Bank for \$17,500 to bring the unit current. Said amount was applied to late fees, dues and utilities.

Gulf Power Reimbursement: An independent audit showed tax overcharges. The Islander was reimbursed \$13,000. These funds were applied to bad debts. We now have a lower monthly electric bill.

Planned installation Washer/drawer Unit 513: Mr. Dixon described the process by which owners of 513 will install a stacked washer/dryer in their unit. The vent will be the back balcony. Jeff Zola will obtain additional information on a combination washer/dryer and report to the BOD.

**13) Election Results: (99 votes were casted)**

- Rosemary Bubien obtained 72 votes
- Ken Dixon obtained 85 votes
- Bob Whitley obtained 68 votes
- Jeff Zola obtained 52 votes

All three (3) new members accepted their appointment to the BOD. The Chairman congratulated and welcomed Rosemary Bubien, Ken Dixon and Bob Whitley. (Mr. Parish telephoned Mr. Whitley.)

**14) Adjournment:**

**Motion:** To adjourn the Annual Meeting moved by Louise Squires, 2<sup>nd</sup> by Rosemary Bubien.

**Vote:** Unanimous. Meeting adjourned at 10:15AM.

There will be a scheduled Board of Directors Meeting immediately following the Annual Owners Meeting, Saturday, November 8<sup>th</sup>, 2014 in the Palm Room at The Islander Condominium.