

# MINUTES

**THE ISLANDER OWNER'S ASSOCIATION, INC.  
REGULAR SCHEDULED BOARD OF DIRECTOR'S MEETING  
HELD MAY 18<sup>TH</sup>, 2013 @ 9:00AM  
IN THE PALM ROOM OF THE ISLANDER CONDOMINIUM, DESTIN, FLORIDA**

**BOARD MEMBERS PRESENT:** Fisher (Axel) Feltenberger (#303), Dr. Linus Carroll (#209, #706, #613, #607), Stephen Page (#715, #607), Ken Dixon (#704), Leo Rolfes (#405), Sharon Schlott (#413, #603).

**BOARD MEMBER PRESENT VIA CONFERENCE CALL:** James Swanson (#712).

**MEMBERS PRESENT:** Jimmie & Henry Hill (#218), Pamela Feltenberger (#303).

**MEMBERS PRESENT VIA CONFERENCE CALL:** Jimmy Stuart (#516).

**GUESTS:** Jamie Hardy, CPA, Neuschwander, Faircloth & Hardy, P.C.

**MANAGEMENT:** Susan Miller, GM; Stephen Parish, Rental Manager; Helene G. Korski, Minutes.

1. **Call to Order:** The President called the meeting to order at 9:05 am.
2. **Roll Call:** The President called the roll, all members present, Quorum was established.
3. **Proof of Notice:** Susan Miller confirmed that the Notice of the present meeting was properly posted in accordance with the Florida Statute 718.
4. **Approval of the Agenda:**

**Amendment: Addition of: 7c)** Insurance Policy Renewal – Susan Miller, **7d)** AT&T Proposal for their wireless network– Susan Miller, **7e)** Security Cameras, Leo Rolfes.

**Motion:** Ken Dixon moved to approved the Agenda as amended, 2<sup>nd</sup> by Sharon Schlott.

**Vote:** Unanimous, Motion carried.

**5. Approval of Minutes (February 16<sup>th</sup>, 2013):**

**Motion:** Ken Dixon moved to approve the February 16<sup>th</sup>, 2013 Minutes as presented, 2<sup>nd</sup> by Sharon Schlott.

**Vote:** Unanimous, Motion carried

**6. President's Report – Axel Feltenberger:**

The President invited Leo Rolfes to present his report on the finances.

**7. Finance Committee Report – Leo Rolfes:**

**8. First Quarter Financial Review**

- a) Leo Rolfes referred to "Islander Owners' Year-To-Date Financial Analysis, as of March 21<sup>st</sup>, 2013", and stated that the Association's expenses were under budget resulting in a year to date profit of \$15,424. He estimated that the Association was overall in good standing.

On the Rental side, Mr. Rolfes stated that the shortfall was due to the Snowbirds last minute cancellations and that expenses were under budget by \$15,223. The rental is operating in the black for the first quarter.

b) 2012 Audit Report

Leo Rolfes reviewed "The Islander Owners' Association, Inc. Financial Statements Year Ending December 31, 2012" and the "2012 Audit". Leo referred to Page 5 stating that the operating had an income of \$13,193 and the Rental \$39,877. He commented that this was due to improvements of our building's and units and operating within the budget.

The Association shows a net loss of \$19,930 primarily due to the disposal of property and equipment for the guard shack, and the disposal of all replaced carpet runners which were still on the books.

Mr. Rolfes concluded that overall 2012 was a good standing year.

Board's Requests made to Mr. Hardy, CPA

- . To make one (1) distribution adjustment so that expenses/cost can be equally shared by Rental and Association: cost of the Audit.
- . To write his suggestions/recommendations regarding tax liability subject

Mr. Rolfes invited Mr. Hardy to go over the 2012 Audit and review of the financial statements report. Mr. Hardy began with the confirmation of the Reserve line item expenditures and balances, and added that after verification, all Reserves amounts deposited in bank have been confirmed. Mr. Hardy pointed out that the Payroll Liability, which had been on the books for the last six (6) years, has been paid and cleared off the books this year.

Discussion: regarding the pros and cons of possibly passing on the credit card fees to the guests and proposed solutions to this alternative.

Mr. Hardy referred to Note 8 of his report relating to the pending Oil Spill Claim and suggested that we treat any contact from/by BP as an "emergency" so to pay immediate attention and to provide, within 12/24 hours, answers to any and all of their requests.

He then referred to Note 9 of his report regarding the ADA's request and confirmed that Susan has a proposal for the pool lift, but that said expense was not placed on the books: contractor not scheduled to begin installation and therefore, no purchase price, nor installation cost have been accrued.

Discussion: The Board recognizing that having the fiscal year December 1<sup>st</sup>, during the tax busy season, a question was asked to Mr. Hardy if changing the Islander's fiscal year date would benefit the CPA's firm in the rendition of the Audit and review of financial statements.

**TO DO:** Subject deferred to the next meeting Agenda to allow the Board to discuss the fiscal year issue.

Discussion/question to Mr. Hardy regarding the Reserve funding of the new boardwalk.

Such as: modifying/increasing the actual Boardwalk Reserve item (\$10,000 to \$62,000) vs. establishing a new Boardwalk Reserve item? Considering that the boardwalk had an actual cost (not an estimated cost), Mr. Hardy suggested amending line item in the Reserve funding to actual cost. All members agreed that said new boardwalk would have to be treated with a protective stain sealer once a year to avoid deterioration. Susan Miller also confirmed that, according to the insurance provider, said boardwalk was not insurable for wind and flood damages.

c) Insurance Policy Renewal – Susan Miller

Mrs. Miller presented the renewal for the 2013-2014 policy. She noticed an increase in the "wind damage" rate and a decrease in the workmen's comp.

**Motion:** Leo Rolfes moved to accept the insurance proposal, 2<sup>nd</sup> by Steve Page.

**Vote:** Unanimous, Motion carried.

d) AT&T Proposal for their wireless network– Susan Miller

Susan Miller informed the members of the AT&T's proposal. They inquired if the Islander would be interested in allowing installation on the Islander's roof of six (6) 4' to 5' antennas (which would not be visible from the ground) for their wireless network. AT&T is offering to pay approximately \$1,000/month for a 25-year lease contract. AT&T would provide all the necessary information, specs and contract.

Discussion: Roof warranty issues; possible revenue resulting in lower monthly assessment; AT&T vs. Islander limitations and requirements.

**Motion:** Dr. Carroll moved for Management to contact AT&T, 2<sup>nd</sup> by Steve Page.

**Vote:** Unanimous

e) Security Cameras

Susan and Leo Rolfes reported on their meeting with two (2) separate vendors of security system and explained the circumstances prompting inquiries.

**To Do:** Subject Tabled for the next BOD meeting Agenda.

**9. Marketing / Rental Working Group:**

a) Occupancy Report – Stephen Parish

Stephen explained that the February and March Spring Break revenue made up for the loss due to the Snowbirds' cancellations. He added that the total rental revenue was \$100,000 ahead of last year. No additional question.

b) Advertising / Marketing, i.e. Out of State Chambers, Visitor Centers, Google, Facebook

Stephen said that Marketing is continuing the use of Email Blasts and promotions on Facebook and Google. He stated the Committee's intention to advertise on the Canadian internet Website "Rogers" at a cost of \$1000/2years. No additional question.

c) 2014 / 2015 Rental Rates

In order to get back to the 7-day stay, Stephen Parish opened the floor for discussion: Should we go back to discounting i.e. cheaper rate for a 7-day stay vs. a 6-day or to get back to the "stay 6 days get 1 day free". Stephen proposed to charge 6.5 times the daily rate (representing 7% discount).

**Motion:** Mr. Page moved for Management to restructure the percentage rate, 2<sup>nd</sup> Ken Dixon.

**Vote:** Unanimous – motion carried.

d) Update of Unit Evaluations

Susan reported that together with Stephen they have been working with an Interior Designer for unit re-evaluation and that over 70% were completed. She added that each owner will receive, prior to modify our system with units grading results, a detailed report so to allow owners sufficient time to make the necessary/desired up-grades/repairs in their unit. Susan specified that cost for said evaluations will be paid by the advertising budget.

e) Loyalty Program

In order to extend the loyalty program, Stephen suggested offering departing guests the opportunity to reserve for 2014 at the 2013 rate. To do so, rates would have to be reprogrammed on the system (Weekly rate at 6.5% = 7% discount).

## 10. Management Report – Susan Miller:

### a) Beach Walkover

Susan Miller announced that construction of the boardwalk was completed in accordance with the ADA requirements, that it has been inspected and approved. Total cost \$62,000. She mentioned that to avoid deterioration, said walkway would need, once weathered, yearly protective sealer.

### b) Landscaping – Spring Planting

Susan stated that all spring planting has been done and that Todd was doing a terrific job working with the landscaper and maintaining the grounds.

### c) Walkway / Balcony Handrails / Master Bedroom Windows

Windows have been cleaned by a professional cleaner as per warranty. She added that to be proactive, yearly inspections of balconies and handrails must be continued.

### d) Annual Renovation Building Inspection

Susan enumerated Sun Coast's inspection findings:

**1<sup>st</sup> issue:** Susan referred to Ken Dixon regarding the chipping of the paint of the north side windows facing the parking lot. Ken explained that chipping was due to the oxidized aluminum. He stated that said windows were 30+ years old in need of replacing.

**Recommendation:** To find a painting contractor to provide a bid to repaint the windows.

**2<sup>nd</sup> issue:** Susan reported expansion and contraction issues with the walls by the elevator lobby areas. Mr. Dixon confirmed that due to water infiltration, these areas would require continuous maintenance of the caulking and waterproofing. Susan also reported that there were tiles coming loose on walkways and balconies due to cracking of the grout and water infiltration. Said issues are being handled as necessary.

**Suggestion:** For Management to continue yearly inspection to assess needed repairs and provide recommendations..

**Discussion:** Prior to construction, it was decided to refurbish the north side aluminum windows but not to replace them. Owner stated that if windows are changed, owner will receive a decrease in the insurance liability cost. Need to compare maintaining vs. replacing.

**3<sup>rd</sup> issue:** Susan reported that four (4) front doors were cracked due to drafting from sliding doors. In addition, she reported that the paint on the front doors is chipped and stained and requires repainting. To properly refurbish existing steel doors would require removal and automotive paint. This would be very expensive and labor intensive.

**Suggestion:** If doors are considered to be replaced so should be the hardware. Good timing to go keyless.

**Motion:** Steve Page moved to obtain bids for: replacement of door and door frame including key and keyless hardware to include new hardware, and to replace north side aluminum windows. Projection: installation to be performed in the fall, 2<sup>nd</sup> Leo Rolfes.

**Vote:** Unanimous – motion carried.

### e) Future Projects:

- Laundry Room floor needs to be replaced with new tiles;
- Construction of new enclosure for both garbage containers;
- Installation of basket ball pole and back board.
- Patio pool furniture and patio balcony furniture need to be replaced.

TO DO: Management to seek bids for bulk purchase of patio furniture.

Discussion: Units are “**Non Smoking**” and guests are **not** allowed to smoke on balconies. Building has “smoking” designated areas at the gazebo and pools.

To Do: Management to post “No Smoking” signs on all sliding patio doors and to designate a specific smoking area away from building, pools and gazebo.

## 11. Unfinished Business:

### a) Assemble SnowBird Committee – Bob Whitley

Dr. Carroll reported for Bob Whitley and shared the content of a letter received from the Snowbirds Committee reflecting their suggestions to the Board. As an incentive, it was proposed to give free voucher for dinner for one night during the course of their trip to the Islander.

Recommendation: After reviewing the Snowbirds Committee’s suggestions letter, the Board recommended as incentives to the Snowbirds: to consider advertising free dinner voucher on the internet, to let owner make the decision to extend or not the Snowbird stay in March, to advertise earlier arrival in November, to be more flexible with our 10 weeks special rate, to reconsider offering the Okaloosa county Coupon book cost: \$15.00, and that each unit be equipped with: hair dryer in bathrooms, crock pots, and safe.

### b) Letter to Snowbirds regarding February BOD’s meeting discussions / Sport Channels

Stephen is preparing a Letter to the Snowbird containing information regarding the cost for Cox Sport Package, the Islander’s unit up-grades, the \$50 monthly rate increase and introduction of the new Snowbirds Committee. Stephen also intends to advertise on the Canadian internet Website Rogers at a cost of \$1000/2years.

### c) Suggestions from Owners / Unit Descriptions – Stephen Parish

In his letter to the Snowbirds, Stephen will provide them with confirmation that up-grades have been completed by owners.

GM Contract – Axel Feltenberger

Subject tabled until Executive Meeting.

## 12. New Business:

### a) Non-Islander Real Estate Listings, Outside Agents & FSBO’s

Board members stated that the Association was advertising units that were not listed with the Islander’s Brokerage. Stephen Parish who testified that all Islander listings were linked to the MLS and added that all multiple listings made by a realtor can benefit the Islander except for the exclusive listings of units “for sale by Owners”. It was suggested that said listings be deleted from our website as they do not benefit the Islander.

**Motion:** Stephen Page moved to exclude/eliminate the “Non MLS listings” from the Islander’s Website, 2<sup>nd</sup> Sharon Schlott.

**Vote:** Unanimous. Motion carried.

The Board convened to an executive meeting.

## 13. Adjournment:

**Motion:** To adjourn meeting moved by \_\_\_\_\_, 2<sup>nd</sup> by \_\_\_\_\_.

**Vote:** Unanimous. Meeting adjourned at 2:30PM.

Respectfully submitted: Linus Carroll, Secretary.