

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

HELD ON SATURDAY, AUGUST 22ND, 2015 AT 9:00AM IN CONDO #209
OF THE ISLANDER CONDOMINIUM AT 502 GULF SHORE DRIVE, DESTIN, FL 32541

THIS MEETING WAS AVAILABLE BY TELEPHONE AT 1-800-444-2801,
CONFERENCE CODE 6921782 TO ATTEND THE MEETING.

Board of Directors Present: Ax Feltenberger, President (#303), Sharon Schlott (#413), and, Rosemary Bubien, Secretary (#411).

Board of Directors Present via Telephone Conference: Bob Whitley (#508).

Board of Directors Absent: Ken Dixon (#704)

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

Members present: Merrilyn Cook (#713), Pam Feltenberger (#303), Tom McIndoe (#417), Linus Carroll (#209, 613, 706)

Owners present via telephone conference: Jimmy & Carole Marie Stuart (#516), Jimmye Hill (#218), Louis & Marianne Reiner (#305), Marty & Paula Milby (#404)

1) **Call to Order:** The President called the meeting to order at 9:03AM CST.

2) **Roll Call:** The President called the roll and confirmed quorum.

3) **Proof of Notice:** Mrs. Pollak confirmed the notice of meeting was properly posted in accordance with Florida Statute 718.

4) **Approval of Agenda:**

Motion: Ms. Bubien moved to approve the agenda as amended based on the following recommendations from the Friday Working Group Meeting, 2nd by Mr. Whitley.

Move 8 b) Custom Fabrications under Management Report, Section 7 a)

Modify Management Report Section 7 c) i) to include Damage Waiver

Move 8 e) HD Cable update under Management Report Section 7 c) ii)

Move 8 f) Roof Hatch Access under Management Report Section 7 a)

Modify 9 a) to include pets, and 9 c) as applicable

Vote: No discussion, vote unanimous. Motion carried.

5) **Approval of Minutes:** (May 16, 2015)

Motion: Ms. Bubien moved to approve the May 16, 2015 minutes as published, 2nd by Mrs. Schlott.

Vote: No discussion, vote unanimous. Motion carried.

6) **President's Report** – Axel Feltenberger

Mr. Feltenberger extended condolences to Ken Dixon upon the loss of his mother.

He announced that Leo Rolfes sold his unit in June. As the Board still has quorum, the Board will be operating with the remaining Five (5) members until the Annual Meeting in November.

Mr. Feltenberger commended the Islander Team under the leadership of Mr. Parish, Mrs. Pollak, and Mr. Robertson for their on-going excellent work.

He encouraged owners to participate as they had during the Friday Working Group sessions.

7) **Management Report**

a) **Interim Quarterly Report** – Stephen Parish

Mr. Parish elaborated on the following completed and still to be completed maintenance projects:

Projects completed:

1) Roof Hatch Access (Moved from Point 8 f):

Bel-Mac Roofing installed a 48 x 48 access hatch. The new opening is large enough to allow passage of and facilitate installation of the new AC units. (The new units did not fit through the old smaller-sized opening.)

- 2) The Phase II roof has been resurfaced and now carries a 15 year warranty. Phase I and other roofs will be resurfaced in about 5 years and carry a 10 year warranty. All roofs can then be replaced at the same time in about 15 years.
- 3) Pool Lighting / Palm Islands Landscape Lighting
- 4) Many cracked and loose walkway pavers have been replaced
- 5) Pavers have been pressure-washed throughout the summer

Projects in progress:

- 1) On-going replacement of cracked pavers and pressure-washing
- 2) Palm Room renovation is going well and should be completed by early September
- 3) Mr. Parish re-confirmed that installation of the new doors and locks is scheduled to start October 17th, 2015
Maintenance staff is scheduled to complete the inside work.
- 4) Custom Fabrications will replace the walkway railing plates and re-install hand rails. As requested by Mr. Dixon, Mr. Parish confirmed a warranty will be provided for labor only and the product does meet current codes;
As requested by Mr. Feltenberger Friday, he will ask for extra plastic washers

Future Projects:

- 1) Repaint Beach Gate
- 2) Repaint all 3 stairwells
- 3) Continue to attempt to secure and replace pavers
- 4) Toilet Supply Lines
Many of the lines are now bad and need to be replaced; the Islander is handling at a cost of \$35.00/toilet; they will be replaced on an as needed basis
- 5) Stain Beach Walkover

Mr. Parish clarified in response to Mr. Whitley's stairwell repair questions that Mr. Dixon had examined the stairwells where water becomes trapped in follow-up to discussions earlier this year. Mr. Dixon determined correction would be cost-prohibitive. Responsibility to ensure the stairwell remains free of pooled water was assigned to common areas' housekeeper.

Mrs. Pollak clarified in response to Ms. Bubien's questions regarding satisfying roof-warranty terms, that Mr. Robertson would be completing scheduled routine inspections.

b) **Marketing Report – Stephen Parish**

Page 7 displays progression of Gross Rental Revenues for 2013-2015. Revenue for 2015, which includes future bookings, has exceeded \$2.3 million and is growing. We are now over budget for 2015 (budget \$2,195,000) and 2016 shows increased revenue. We did discount bookings 10-15% at the end of May when rentals were down and increased our Google and Facebook advertising.

Instituting the Damage Waiver fee has been highly successful and we have received no complaints. We have approximately \$58,000 which would have required an additional \$250,000 in rental business.

The drop in on-line bookings continued even after the notice about booking on-line to avoid fees was reposted to website.

We learned this summer that a 10% difference between the Gold and Silver rates was too high. The result was 72.5% of Gold owners dropped to Silver. The plan for 2016 is to re-position the Gold rate 5% higher than the Silver with the expectation that units will not change. We will introduce a Platinum rate which will be 5% higher than Gold. Adopting the 4 tier Platinum through Bronze strategy (pages 9-10) should ensure continued growth in 2016.

Page 8 shows the average gross revenue, the 3 year trend and the ratings. Mr. Parish reported his analysis of 2013-2015 revenues by floor indicates that the 2nd floor rentals remain the weakest link. Mr. Parish recommends, if things do not take off, a permanent 5% discount for 2nd floor units to increase rentals to bring them up to an acceptable level. A statement to this effect will be added to the rental agreement for review in November.

Mr. Parish proposed maintaining the no discounting position in 2016 similar to previous years.

Unit 110 is returning to The Islander's Rental Program.

The BP claim remains in the "wait and see" mode.

Islander Real Estate sales are good with 7 units selling this year to date compared to 5 units last year. Overall, prices have increased. Unit 405, a Gold unit, sold for \$250,000, a cash sale. Unit 502 closed at \$240,000 - above the appraised value. Sale of Unit 306 is now pending for \$195,000.

c) **Finance Report – Megan Pollak**

Mrs. Pollak clarified prior May meeting discussions regarding the pavers and air conditioners, stating that our old pavers are thinner and that Mr. Stuart was correct, the 2 ton units remain available but are larger in size.

i) **2015 2nd Quarter Financials**

Mrs. Pollak reviewed the Year to Date June 2014 vs. 2015 and June 2015 financials (pg 13-14). The “Inventory” account started in 2015. She conducted a detailed review and comparison of the Balance Sheet, and the Profit and Loss Statements for the Association and the Rental Company listed on page 12.

Mrs. Pollak discussed multiple facets and logistical implementation of the “Damage Waiver”. Verbiage will be added to the Rental Agreement addressing management and owner responsibilities. Initial discussion by Management and the Board indicate that essential and readily replaced items may be undertaken by management however owners are responsible for decorative items. If an item is broken, Mrs. Pollak will deposit the funds for item replacement to the owner’s account and it will display on the monthly statement. This necessitates owners provide Mrs. Pollak with details related to dates, cost of items purchased, and receipts if possible.

As discussed Friday, Management received a 3rd bid to have the Tennis Court resurfaced for \$6400. Additional costs will be expended to have the “pickle ball” lines placed on the court as well for the Snowbirds. Board concurred with Management to have the tennis court re-surfaced and place lines for pickle ball.

ii) **2016 Proposed Budget**

Six 2016 Proposed Budget Options are listed on page 27 and detailed on pages 28-42.

Mr. Feltenberger indicated that Mrs. Pollak had initially prepared 8 budgets for review. Two were removed when it was determined that Reserve funding should list all items including the front doors.

The Friday Working Group discussed the Budget options at length. The primary, most heavily-weighted factor was how to minimize increases to the monthly dues while taking scheduled replacement through 2017 into account.

The Working Group recommends adopting Budget #6 (pages 38-39). Said budget provisions include: paying off the Line of Credit in Four (4) years, adding the Front Doors to the Reserves and adding High Definition (HD) to the Islander’s Cable service (cost \$5+tax/mo/unit).

Motion: Ms. Bubien moved to approve Budget #6, 2nd by Mr. Whitley.

Discussion: Mr. Feltenberger clarified that the LOC could be paid off earlier thus avoiding interest fees while lowering the monthly assessment as compared to options 4 and 5.

Mrs. Pollak reported that she ascertained following Friday’s discussion that The Islander’s fees are higher than our immediate condominium neighbors.

Ms. Bubien commented that Property Insurance had increased \$16,571 between 2014 and 2015. Mrs. Pollak clarified that part of the increase could be attributed to insurance being under budgeted in 2014.

Vote: Vote unanimous. Motion carried.

Clarification: Dr. Carroll commented that the 2016 budget reduced the Islander Rental Commission to 22% from 23% in 2015 (down from 28% in 2013) as discussed Friday but not mentioned today.

HD Cable Update (Moved from Point 8 e)

Mrs. Pollak referred to the amended contract for Bulk Video Service between Cox Communications Florida (Cox) and The Islander (128 multiple dwelling units) to include, as of January 1, 2016, one HD Digital Converter in each condo (page 45-47) for a monthly rate of \$5.00 per condo for a bulk video service fee of \$640.00. The HD cable box will be located in the living room and set with the standard HD channels. If any owner would like additional HD channels or additional boxes in the bedrooms, they can be billed separately from Cox.

Ms. Bubien thanked Mrs. Pollak for her initiative and foresight to incorporate into the budget.

8) Unfinished Business:

a) Roof Inspection – Megan Pollak

All roofs have been inspected by Bel-Mac. Phase 2 roof has already been re-surfaced with a 15 year warranty. Roof reserve funding is sufficient.

Ms. Cook questioned if the monthly owner association fee difference between The Islander and our neighbors was attributable to reserve funding practices and The Islander needing to catch up because it had not fully funded the reserves (100%) for a number of years.

Management affirmed that The Islander's catching up on reserve funding did result in a higher monthly contribution, that not all condos were fully funding reserves, and that one neighbor currently had a \$9,000 special assessment to repair improperly installed sliding glass doors.

b) Additional Information on Rubaroc – Megan Pollak

Rubaroc is not a feasible alternative to pavers. The Islander would have to remove the pavers and re-surface the base prior to installation.

Mrs. Pollak contacted a DEP representative regarding installing Rubaroc in place of the current pavers. Mrs. Pollak was informed that pavers were recommended due to our proximity to the beach. Prior to installing any surface other than pavers, The Islander would have to present the department with a plan, which they would have to approve prior to installation.

The Board affirmed that it would adhere to the previously discussed plan of replacing pavers in stages. Mr. Feltenberger clarified that the Board is trying to be proactive and to save money because the existing supply is being depleted.

c) ADA Pool Lift Spa Exemption - Megan Pollak

Bid to install 2 ADA compliant Pool Lifts (Aqua Pool & Patio Co or CRC Pool Services, LLC pages 43 and 44) remain under consideration. Aqua Pools provided additional details regarding the safety of the spa lift installation. Neither company recommended installing chair lifts for either spa due to safety concerns related to the main drain. There may be an alternate lift which has yet to be evaluated.

TO DO: Mr. Feltenberger asked Mrs. Pollak to investigate further and asked Mr. Parish to secure statement from attorney in addition to e-mail previously received.

The Board recommended that Management moved forward with the installation of the chair lifts on the 2 pools with the company they choose starting October 17th, 2015.

9) New Business:

a) Owner Items for November Proxy

i. Washer/Dryer vent to Side Balcony wall

A prototype was successfully installed venting to the east side wall near the ceiling.

Proxy: Amend the Condo Docs to allow for the material change of 1 or 2 vents to the balcony.

TO DO: Management will consult with Attorney for verbiage to amend the Condo Docs to allow owners to install balcony vent. Management will write a letter to accompany Proxy explaining owners' options, stipulations, and requesting vote.

ii. Toddler Playground

Item will not be added for Proxy.

b) Electronic Ballots

Board discussed the pro and cons of regular mail vs. electronic mail as permitted by the Florida Statute (Ref to pages 49-54). The Board opted to move forward with electronic voting.

TO DO: Management will research the mechanics of online voting. If feasible for November, Management will offer owners to choose voting online or by mail. Mrs. Pollak mentioned that only 6 owners are still receiving paper mail. If not feasible in 2015, electronic voting would be adopted in 2016.

If electronic voting will be utilized in 2015, Management will send via email an initial notice to all owners indicating the Board's decision to allow electronic voting and that if an owner would choose to receive a paper ballot it would be said owner's responsibility to request the paper ballot.

9 a) Continued

Mr. Feltenberger apologized for the mix up in the order. At one point it was thought that electronic voting might require a proxy but it is now permitted under Florida law.

iii. Dog Policy

Proxy: Amend the Condo Docs to allow OWNERS ONLY to bring their dog during their stay. It was suggested to add the following statement: "We request that you not bring your dog between Memorial Day and Labor Day".

Mr. Parish stated that in his opinion as a realtor the "No pet policy" and "No washer/dryer" were obstacles to potential buyers.

Mr. McIndoe recommended the Islander develop a "service or therapy dog" policy.

Motion: Mrs. Schlott moved to send out the Proposed Pet Policy for Proxy vote which was sent out last year amending the current Condo Docs to allow owners to bring their pets but including additional verbiage requesting owners not to bring the dogs between Memorial Day and Labor Day, 2nd by Mr. Whitley.

Discussion: The Board is not taking a position or making a recommendation to owners regarding proxy votes.

Vote: Unanimous. Motion carried.

iv. Excess income over expenses proxy will be listed per IRS regulations.

c) Sliding Glass Doors

Management reported that per Maintenance, the rollers on the sliding glass doors and the locks are constantly in need of repair and are due for replacement.

Mr. Feltenberger commented that the Working Group discussed the time line for scheduled replacements and options as to how to best reduce the burden to owners at great length on Friday. Also, he mentioned that he had addressed these issues in his July 6, 2015 letter to owners (see attached) and has mentioned throughout the year at Board meetings. The sliding glass doors, the front doors, the Palm Room, and the north side windows were removed from the renovation list to reduce owner cost. A few owners elected to replace their sliding glass doors in 2010. Replacement of the north side windows is scheduled for 2017 to refrain from voiding the waterproofing warranty.

The Working Group concluded the sliding glass doors should be replaced in 2016 after it explored various options and Mrs. Pollak relayed that she was informed that The Islander could save \$35,000+ if the sliding doors were replaced in 2016 rather than 2017.

Management referenced bids received from Koskey Corporation (Pages 55-81) and Savage Design Build, Inc. (pages 82-105). Mr. Koskey informed Management Saturday AM that aluminum will no longer be permitted under a new change to the Florida code.

After discussion, the Board opted to accept Mr. Koskey's recommendation of PGT Vinyl doors 7000 series; and to install in 2016 if installation did not void the waterproofing warranty. Ms. Bubien commented that the bid did not include the cost of dumpsters. Ms. Cook recommended Mrs. Pollak ask if dumpsters could be provided or the cost split.

Similar to the front door assessment, the Board and the Friday Working Group thought that the assessment can be spread out over the course of the year with a higher amount deducted in peak rental season. The averaged estimated amount is \$333/month over a year. If it is not possible to install the sliding glass doors in 2016, it was proposed that monies would be collected in 2016 and installation would occur in 2017 in conjunction with the planned special assessment to install the north side guest bedroom and kitchen windows.

Mrs. Pollak commented that the letter from Savage Design Build referenced improper installation of the sliders installed in 2010 (#4 page 84). Repair of the few Sliding glass Doors done during the 2010 renovation may be required.

TO DO: Management will add the special assessment to the November agenda.

Motion: Ms. Bubien moved to proceed with installation of the sliding glass doors in 2016 provided Sun Coast confirmed installation would not void the waterproofing warranty; however, if installation voided the warranty to combine with installation of the north side kitchen and guest bedroom windows in 2017. 2nd Mr. Whitley.

Vote: No discussion, vote unanimous. Motion carried.

Following the vote, Mrs. Pollak reported that Sun Coast had confirmed that replacing the sliding glass door will not void the warranty.

Sun Coast clarified that the Islander would be closed for about 1 week during the waterproofing and that it could be done in stages. Mrs. Pollak said that no special assessment should be needed as this account is continuing to be adequately funded.

10) Adjournment:

Motion: Mr. Whitley moved to adjourn the meeting, 2nd by Mrs. Schlott.

Vote: No objection. Motion carried, meeting adjourned at 10:59AM.