

MINUTES

**THE ISLANDER OWNERS ASSOCIATION, INC.,
BOARD OF DIRECTOR'S TELEPHONE CONFERENCE MEETING
HELD SATURDAY, AUGUST 23, 2014 AT 9:00AM
IN THE PALM ROOM OF THE ISLANDER CONDOMINIUM,
502 GULF SHORE DRIVE, DESTIN, FLORIDA 32541**

Board Members Present: Ken Dixon (#704), Leo Rolfes (#405), Ken Klus (#502), Sharon Schlott (#413)

Board Members Present Via Conference Call: Jim Swanson (#712), Larry O'Bryan (#318)

Members present: Jimmie Hill (#218), Rosemary Bubien (#411), Jimmy and Carole Marie Stuart (#516)

Members Present Via Conference Call: Earl Bearden (#105, 114, 210), Linus Carroll (#209, 607, 613, 706), Stan and Louise Squires (#213), Roger and Betty Kreitzer (#510), Tom Bienvenu (#615)

Management Present: Stephen Parish, GM, Megan Pollak, Assistant Manager

- 1) **Call to Order:** The Vice-President Ken Dixon, filling in for Ax Feltenberger, called the meeting to order at 9:00AM.
- 2) **Roll Call:** 6 of 7 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: Jim Swanson moved to approve the Agenda as presented, 2nd by Larry O'Bryan.

Vote: No objection. Motion carried

5) Approval of Minutes (May 17, 2014 meeting):

Motion To approve the May 17th Minutes moved by Jim Swanson, 2nd by Larry O'Bryan.

Vote: No objection. Motion carried.

6) Financial Committee Report – Leo Rolfes:

Leo thanked everyone for their prayers and well wishes while he was in the hospital.

a) 2014 2nd Quarter Financials

2nd Quarter Association P/L – shows net income of \$3,400, more than \$15,000 ahead of budget. Key contributors to the gain is brokerage income on sales of Islander units, lower electric utility cost due to cooler summer and lower utility rate, and no group medical insurance premium (salaries have been increased in lieu of providing group medical insurance). This was offset by higher property insurance premiums.

Jan – June Association P/L – shows net income of \$9,750, more than \$24,000 ahead of budget. Key contributors and issues are the same as reported for 2nd Quarter.

2nd Quarter Rental Operation – shows net income of \$63,000, more than \$22,000 ahead of budget. This includes onetime refund of \$13,160 from Gulf Power for overbilling. Professional expenses over budget by \$8,500 due to additional audit work by the CPA to research \$30,000 shortage. No misappropriation was found, deficit due to past issues that dates back to 2005/06.

Jan-June Rental Operation P/L – shows net income of \$51,600, more than \$34,000 ahead of budget.

At the recommendation of the CPA, accounts have been setup for outside vendor replacement items and stock replacement items to better track inventory and billing of these items.

b) Reserve Study

Victor Bowman completed the update to the reserve study and presented two drafts. The all inclusive study includes new kitchen & guest bedroom windows, entry door and patio slider. Replacement of all these items would require substantial increase in reserve requirements due to short useful life remaining on these windows and doors.

c) **2015 Proposed Budget**

Leo Rolfes presented four different budget options. Key differences are the reserve amount and the commission rate for Islander rental operation. The monthly assessment amount for each budget option is:

Budget #1: \$585.71, \$65.50 increase.

Budget #2: \$888.92, \$368.71 increase. (based on the all inclusive reserve study by Victor Bowman)

Budget #3: \$588.05, \$67.84 increase. (same as #1 plus additional reserves for plants)

Budget #4: \$556.69, \$36.69 increase. (keeps rental commission rate at 25%)

Motion: Leo Rolfes moved to recommend Budget #3 for submittal to the ownership for approval, 2nd by Larry O'Bryan.

Discussion: Ken Klus spoke in favor of Budget #4 which kept the commission rate at 25% rather than reduce to 23%. Budget #4 transfers 2% of the rental revenue to the Association and reduces the increase in monthly assessment.

Vote: YES – Jim Swanson, Larry O'Bryan, Leo Rolfes, Ken Dixon, Sharon Schlott. NO – Ken Klus. Motion passed.

7) **Marketing / Rental Report – Stephen Parish**

June and July were record months and we are now \$90K ahead of 2013. Online bookings have leveled off at 63%. The booking fee will be discontinued at the end of this year and replaced with damage waiver fee in 2015.

Megan brought to the board an issue regarding the rate to be charged to an owner when they stayed in another unit. The Board concurred with her decision that all occupied nights are paid for. The wording of the Rental Contract will be revised to avoid any confusion in the future.

8) **Management Report – Stephen Parish & Megan Pollak**

Building inspection has been completed by Victor Bowman. The updated reserve study reflects this inspection. A small issue was found on the 4th and 5th floors which will be repaired.

9) **Unfinished Business:**

a) **FDIC Limit** – funds have been moved into 2 separate CD's with Trustmark Bank to stay within FDIC limits.

b) **Palm Room Update Options**

Reviewed and discussed cosmetic and aesthetic upgrades submitted by Ann White, a professional decorator. Goal is to make the Palm Room better suited for wedding receptions. Estimated cost is \$18 – 20K

Action Item: Management will prepare a plan with more details on cost and timing for the project.

c) **Staff Bonuses** – defer to November meeting.

d) **Owner Pet Policy**

The proposed owner Pet Policy was reviewed and discussed.

Motion: Ken Klus moved to put to an owner proxy vote the amended Exhibit XII, Section 6.1 PETS of the Condominium Documents, 2nd by Sharon Schlott.

Discussion: Owners were referred to email sent out on 8/21 which included the amended Pet Policy. Megan provided the key provisions of the new policy. Only dogs are allowed by the new policy, no other pets permitted. Board thanked the committee of Carole Marie Stuart and Vicki Waldie for the excellent job they did researching the pet policy issue.

Vote: YES – Jim Swanson, Larry O'Bryan, Leo Rolfes, Ken Dixon, Sharon Schlott, Ken Klus. NO – none. Motion passed.

Suggestion: Those in favor of amended Pet Policy should organize a group to campaign for the new pet policy and the other issues that will be on the proxy vote. Passage requires a 75% YES vote.

e) **Doors / Windows Committee**

Victor Bowman recommended that we delay replacing the kitchen and guest bedroom windows until 2017 or later so to not break the EFIS certification and weatherproofing. If we replace the windows now, we will have to recertify the

EFIS system. He recommended a 3-step paint process for the window frames as a short term fix until they are replaced. We will move forward with replacing the entry door. Committee will research types of doors available and get firm quotes. A new lock system will also be investigated as part of this project. Committee will present findings at the November meeting.

In November 2013 the owners approved by vote the replacement of the kitchen window, guest bedroom window and entry doors/hardware within two years. If we follow Victor Bowman's recommendation, we will not replace the windows within the two year period. At the advice of our lawyer, we need a proxy vote to postpone the window replacement until 2017 or later.

Board discussed patio slider doors. There are 12 owners who replaced their slider door at their own cost. Our attorney's quick review of condo docs indicated that the slider doors are the Association responsibility. However, there is no money in the reserves for the slider doors. After further review of the condo docs, all doors and windows are to be maintained by the Association at the expense of the unit owner requiring the repairs.

Motion: Sharon Schlott moved to put to an owner vote that the replacement of kitchen and guest bedroom windows be delayed until 2017 or later. 2nd by Leo Rolfes.

Vote: YES – Jim Swanson, Larry O'Bryan, Leo Rolfes, Ken Dixon, Sharon Schlott, Ken Klus. NO – none. Motion passed.

10) New Business:

a) **Deficit in Advance Payment Account from 2005-06 Special Assessment**

There is a \$30,000 deficit in the Advance Payment Account that needs to be paid off. The \$13,160 Gulf Power refund can be applied to this amount leaving \$16,840 to be paid off. Discussed how this should be done. If done by special assessment, it would cost \$132.16/unit.

Motion: Ken Klus moved to use the \$13,160 Gulf Power refund and \$16,840 from the Rental Operation profits to pay off the \$30,000 deficit by the end of the fiscal year. 2nd by Sharon Schlott.

Vote: YES – Jim Swanson, Larry O'Bryan, Leo Rolfes, Ken Dixon, Sharon Schlott, Ken Klus. NO – none. Motion passed.

b) **Rental Deposit Increase**

We will keep the deposit amount at \$300 except for the 5 peak summer weeks when it will be 25% as long as the reservation software allows this.

c) **Rental vs. Non-Rental Funding / ROI**

Covered during budget discussion, no further discussion.

d) **Washer / Dryer Cost in each unit**

An owner is planning a major unit renovation which will include a washer & dryer installed in the master bathroom. This will serve as a prototype for other owners interested in a washer and dryer. This owner will share cost and details with management and owners.

e) **Damage Waiver fee vs. Booking fee**

The booking fee will be discontinued at the end of the year and a damage waiver fee of \$9/day will be initiated on January 1, 2015. Details about the Damage Waiver can be found on our website.

f) **66% vs. 75% owner vote**

We will try again to get approval level reduced from 75% to 66%. Board recommends approval of this due to the non-participation of owners in voting.

Motion: Leo Rolfes moved to put to an owner proxy vote that the By-Laws be amended to lower the approval level from 75% to 66%. 2nd by Sharon Schlott.

Vote: YES – Jim Swanson, Larry O'Bryan, Leo Rolfes, Ken Dixon, Sharon Schlott, Ken Klus. NO – none. Motion passed.

g) Upgrade to digital package

Management reported that the cost to upgrade to digital cable is \$20/month/box if done through our group contract. An individual can get a digital package direct from Cox for \$9-10 per month.

h) Outdoor Speakers

Management recommended that speakers be installed outside the building to play music to enhance the Islander environment. Cost is \$1,233.

Motion: Leo Rolfes proposed that outdoor speakers be installed and paid with Rental Operation funds. 2nd by Sharon Schlott.

Vote: YES – Jim Swanson, Larry O’Bryan, Leo Rolfes, Ken Dixon, Sharon Schlott, Ken Klus. NO – none. Motion passed

12) Adjournment: Motion to adjourn moved by Leo Rolfes, 2nd by Ken Klus. No objection. Motion carried.