

**MINUTES**  
**THE ISLANDER OWNER'S ASSOCIATION, INC**  
**REGULAR SCHEDULED BOARD OF DIRECTOR'S MEETING**  
**HELD ON May 18, 2019**  
**IN THE PALM ROOM OF THE ISLANDER CONDOMINIUM**  
**502 GULF SHORE DRIVE, DESTIN, FLORIDA 32541**

**MEETING TELEPHONE # 1-800-444-2801, CONFERENCE CODE 6921782**

**Board Members Present:** Fisher (Axel) Feltenberger (#303), Rosemary Bubien (#411), Ken Dixon (#704)

**Board Members Present via Telephone Conference:** Merrilyn Cook (#713), Jerry Moore (#601), Mark Hamilton (#510)

**Board Members Absent:** Linus Carroll (#209, #613, #706) (\* Participated Friday discussion.)

**Owners Present:** Dave Grupczynski (#313)

**Owners Present via Telephone Conference:** Larry Denning (#317), Steve and Tracy Hay (#206), Steve and Tina Thomas (#204)

**Management Present:** Megan Pollak, General Manager

1) Call to Order

Ms. Cook called the meeting to order at 9 AM CT. Ms. Cook announced that as she was not on-site Mr. Feltenberger would chair the meeting.

2) Roll Call

Mr. Feltenberger called the roll and confirmed that a quorum was established.

3) Proof of Notice

Mrs. Pollak confirmed that the notice of meeting was properly posted in accordance with Florida Statute 718.

4) Approval of Agenda

**Motion:** Rosemary Bubien moved to revise the agenda to add real estate referral fees under Unfinished Business as item 9 b. 2<sup>nd</sup> Ken Dixon.

**Vote:** No discussion. Vote unanimous. Motion carried.

5) Approval of Minutes (February 23, 2019) (Pages 1 – 5)

Mr. Feltenberger confirmed there were no corrections or additions.

**Motion:** Ken Dixon moved to approve the minutes as posted. 2<sup>nd</sup> Merrilyn Cook.

**Vote:** No discussion. Vote unanimous. Motion carried.

6) Management Report – Megan Pollak, General Manager

a) Building / Grounds Report

i) Master Bedroom Window Caulking Completion Report:

- Project was completed at the end of March.
- Window warranty expires July 2020.

- Owners are asked to report any fogging they note immediately.
- ii) Beach Renourishment Update:
- Best guess is that the Army Corp of Engineers will start mobilizing in September to dredge. Other options require TDC money and are not being considered.
  - Sand is in place on the beach around the handicap portion of the boardwalk.
  - Sand from Navarre and Pensacola sand pits looked great however installation was not feasible – 5 loads, which is known to be insufficient would had cost \$2,800 and would have required an additional \$1,500 per load to mobilize it. Also, between the wind and storms, the purchased sand was not expected to last.
- iii) Sliding Glass Door Completion Report:
- All the sliding glass door caulking has been completed.
- iv) Paver Completion Project:
- Paver project except for sealing was completed at the end of March.
- v) Palm Room Report:
- Most advertising is on hold except weddingwire.com until the beach renourishment. The beach is too small to accommodate our rental guests and wedding parties.
  - We have 11 weddings booked for 2019 totaling \$6,750 in revenue.
- vi) Islander Brokerage Report:
- To receive referral fees, an Islander employee must have a real estate license.
  - Mrs. Pollak will register for a 63 hour in class June 17-23 (Monday – Sunday).
  - Mrs. Pollak previously declined pursuing a real estate license due to conflict of interest related concerns about being the general manager and serving as a realtor.
- vii) 2019 Spring Planting Completion Report:
- Spring planting has been completed. The new additions look great.
- viii) Tennis Court Report:
- The lights and fencing have been completed.
  - American Tennis Courts is aware 1 light fixture requires repair.
  - Light repair and the new surface are scheduled to be completed in the next 2 weeks.
- b) Miscellaneous Report
- Walkway lights have been caulked, waiting for 1 roof light to be installed.
  - Exterior doors (by west wing stairwell and center stairwell) still need to be caulked.
  - Phase 1 trash chute doors have been replaced. Phase 2 trash chute doors were just received and should be installed prior to August Board meeting.
  - Phase 2 discharge door was returned last week and is now operational.
  - All but 2 French drains have been completed now behind phase 1 to stop water from backing up into the units from hard rains.
  - All grills are now assembled and out for use.
  - All front door lock batteries were replaced in April.
  - Maintenance is installing safes in units that are missing safes or where the key is missing.
  - Irrigation repairs have been made but it is an ongoing process.
  - From the To Dos at the February meeting:
    - ✓ Pool lips have been painted
    - ✓ Stairwells (with the exception of East stairwell) have been painted and sealed
    - ✓ Grill area has been painted and sealed

- ✓ Pool bathrooms have been painted
- ✓ Both laundry room doors have been painted
- ✓ Front desk / lobby area has been painted (New mural on the wall)
- ✓ Pool furniture has been pressure washed
- ✓ Phase 1 pool house door has been replaced
- ✓ Tiki hut thatch has been replaced
- Remains to be done:
  - ✓ Maintenance building metal roll up door will be replaced
  - ✓ Phase 2 pool house siding replacement will be a fall/winter project
  - ✓ Painting the Maintenance building will be a fall/winter project
- Lawsuit 103. Our attorney has filed a motion to dismiss.
- Phase 2 roof is peeling in a few spots. The warranty company has inspected and submitted their report. We are waiting to hear if the warranty will cover the repairs.

c) Finance Report

- i) 2018 Audit (Pages 8-32/Audit will be posted in the Owners Section on Website)
- The 2018 year financials were reviewed in detail at the February meeting. There were only 6 adjusted journal entries in 2018, which is excellent.
  - The audit discloses the following: Note 11 related parties, Tibor Pollak, spouse; and, Note 15 litigation, the lawsuit filed against the Association.
  - The Islander paid \$110,955 in federal tax and \$21,799 in state tax. This was primarily due to the BP settlement of \$1,232,496.00.

ii) 2019 First Quarter Review (Pages 33 – 40)

Association Balance Sheet

- Our Assets and Liabilities have decreased from 2018 to 2019. The main reason for the decrease in assets is the lower dues and no special assessment in 2019. The liabilities are down as we are continually paying off the SBA and other debt items.

Rental Balance Sheet

- Our Assets are down due to the BP settlement received in 2018. Our Liabilities increased due to the timing of paying bills and more advance payments on the books.

Association Profit/Loss

- The Association shows a loss for the 1<sup>st</sup> quarter. Dues were decreased \$10 per month. The Association paid \$30,000 (reserve funds) to caulk the master bedroom windows.

Rental Profit/Loss

- The Rental Company shows a loss for the 1<sup>st</sup> quarter. Based on our budget, the loss should be almost \$19K greater than it is. Offsite laundry, less costly than in house, was not budgeted. Other costs are advertising expenses for the new website and google ad words marketing.

7) Marketing Report (Page 41)

i) VRBO Report:

- As of Wednesday, we have 181 VRBO reservations totaling \$198,238 for 2019 year which includes the damage waiver and housekeeping fees.

- The Islander went live with VacayHome Connect in April as another advertising avenue. We have 6 reservations from this source totaling \$6,130.
- The spreadsheet (page 41) illustrates that the Islander is doing well. We are monitoring occupancy closely. We are discounting 15% off on stays thru May 31<sup>st</sup>. Wednesday, we started discounting new June reservations 10%. If we find that months are falling short, we will offer last minute discounts up to 15% to maximize occupancy. Market softness is being attributed to school snow/weather days.
- We have not yet released the 6-week block on VRBO but we will by the end of the month.

## 8) Rental Report

### i) Website Redesign Update: (Page 42)

- The new website is now complete and up and running.
- New features include ability to advertise units that are renting at a grade lower; and the option to filter by VIEW, GUEST BED TYPE, WALK-IN SHOWER.
- Islander Rental Company Units: 109 of 119 rental units
  - 1 unit that sold last fall now uses an outside rental company.
  - 6 units stopped using outside rental companies and returned to The Islander.
  - 1 nonrental unit sold and is now renting thru The Islander.
  - 1 unit just left us for Vacasa; they promised \$30-\$35,000 in rental revenue.
- 77 Units have had the virtual tour shot. Approximately 50% have been uploaded to the website. Remaining units will be completed depending upon occupancy availability.
- Owners may receive a notice from the Florida Department of Revenue informing them that the Islander is paying sales and bed tax on their behalf.
  - Owners who leave the Islander Rental Company are responsible for providing their certificate number to the new company to remit taxes.
- Due to the declining inventory of our current dishes, Mrs. Pollak will begin looking into restaurant quality replacements in the near future. Replacement will most likely be done in stages.

## 9) Unfinished Business

### a) Humidity Control System: (Pages 43 – 45)

- Mrs. Pollak recommends ENCO for the monitoring of humidity & HVAC units (page 43, option 2). A/C malfunction is one of the main reasons for high humidity. Unit humidity monitoring should help to minimize mildew and guest interruptions.
- The cost is \$3,875 to install the sensors, gateways and controller or \$30.52 per unit. The monthly monitoring is \$675/ month or \$5.32 per unit. The total charge for the remainder of this year (which is not budgeted) is \$8,600 or \$67.72 per unit.

**Motion:** Merrilyn Cook moved to proceed with installation of humidity monitoring and to accept the ENCO bid. 2<sup>nd</sup> Rosemary Buben.

**Discussion:** Clarifications as noted page 43.

**Vote:** Vote unanimous. Motion carried.

b) Real Estate Referral Fees

Mr. Feltenberger summarized that the impetus behind the Board directing Mrs. Pollak to seek real estate referral fees was loss of revenue to the Association as the Islander no longer has a licensed real estate agent. The Islander does maintain a brokerage. Mrs. Pollak ascertained that for the Association to receive referral fees from the sale of Islander units it was necessary that an employee of the Association have a real estate license. Mrs. Pollak is willing to take the real estate licensing exam for the purpose of securing real estate referral fees for the Islander. Friday's discussion of the pros and cons of the general manager having a real estate license indicated the need for follow-up discussion at the August Board meeting.

**Motion:** Rosemary Bubien moved that to enable the Islander to proceed with receiving referral fees from selected realtors related to the sale of Islander units that The Islander pay for Megan Pollak to attend the June 2019 real estate license preparatory course and related fees. 2<sup>nd</sup> Ken Dixon.

**Discussion:** Mr. Moore's and Mr. Hamilton's comments focused on conflicts of interest. A major concern is use of the general manager's time. Ms. Cook emphasized that this was the initial step for the upcoming June course and issues could be discussed further at the August Board meeting.

Motion withdrawn.

**Motion:** Rosemary Bubien moved that The Islander pay for Megan Pollak to attend the June 2019 real estate license preparatory course and related fees; and, that The Islander collect referral fees until the August meeting which would allow time to study the issues; and, that the Board discuss further at the August meeting. 2<sup>nd</sup> Merrilyn Cook.

**Discussion:** None.

**Vote:** Roll Call: Approve: Rosemary Bubien, Merrilyn Cook, Ken Dixon, Ax Feltenberger  
Not Approved: Mark Hamilton, Jerry Moore  
Motion carried.

10) New Business:

a) Short / Long Term Project Planning Committee:

Several people responded to Mrs. Pollak's email on Friday soliciting committee volunteers.

Chair: Jerry Moore Chair,

Members: Merrilyn Cook, Jay Mistry, Dennis Schlott, Tina & Steve Thomas,  
Sean Williams, Mike Hickman and Jeff Zola.

b) Lease Agreement for Rental Guests: (Pages 46-48).

No changes identified.

c) BP (Halliburton Settlement) Spending Options

Mr. Feltenberger summarized that the two remaining options at the conclusion of Friday's discussion were to expense the cost of the ENCO installation and monitoring through December of this year and save remaining monies in a "rainy day" account; or, to bill owners \$67.72, the cost of ENCO installation and monitoring for the 2019 year, and save the Halliburton Settlement.

**Motion:** Jerry Moore moved that ENCO installation and monitoring costs through December 2019 be expensed from the Haliburton settlement and the remainder be saved as a "rainy day" fund.  
2<sup>nd</sup> Merrilyn Cook.

**Vote:** No discussion. Vote unanimous. Motion carried.

d) Sealing Pavers Bids: (Pages 49 – 52)

Mrs. Pollak obtained bids from Delta Pavers, the company that laid the pavers, for \$22,162; Coastal Pavers & Landscaping for \$23,430; and Brazilian Brick Pavers for \$7,900. As Brazilian Pavers cited only 1 pool deck, Mrs. Pollak confirmed both pool decks would be done. Also, due to the cost disparity Mrs. Pollak contacted references and requested licensing and bonding information as well as the specific sealant to be used.

**Motion:** Ken Dixon moved to accept the Brazilian Brick Paver bid with the following provisos: further vetting by management with regard to credentials including proof of license and bonded, confirmation of scope of work, and sealant specifications. If not provided, Coastal Pavers and Landscaping is designated as the back-up company. 2<sup>nd</sup> Jerry Moore.

**Vote:** No discussion. Vote unanimous. Motion carried.

e) LOC Authorized Signers:

Mr. Feltenberger recapped that historically the general manager, president and treasurer are the authorized signatories.

**Motion:** Ken Dixon moved that the authorized signers on the Line Of Credit be Megan Pollak, Merrilyn Cook, and Jerry Moore. 2<sup>nd</sup> Rosemary Bubien.

**Vote:** No discussion. Vote unanimous. Motion carried.

f) 2019-2020 Insurance Renewal: (Pages 53 – 60)

Brian Squire, our insurance agent, attended the Friday meeting and discussed the tight insurance market in the wake of Hurricane Michael and detailed our options. The recent envelop study confirmed that the Islander is 60% EFIS (Exterior Finish Insulation System). Only 2 carriers, both syndicates of Lloyds of London, will write policies for EFIS. The projected increase is 22% from last year to approximately \$111,000. Our general liability policy will also increase approximately \$5,000 as underwriters are now taking into account rental activity risk.

11) Other Business

None

12) Adjournment

**Motion:** Ken Dixon moved to adjourn. 2<sup>nd</sup> Mark Hamilton.

**Vote:** No discussion. Vote unanimous. Motion carried. Meeting adjourned at 10:08 AM.

Respectfully submitted,  
Rosemary Bubien  
Secretary