

MINUTES

ANNUAL OWNERS' MEETING THE ISLANDER OWNER'S ASSOCIATION, INC

HELD ON SATURDAY, NOVEMBER 9TH, 2019
IN THE PALM ROOM AT 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 Members Present: Merrilyn Cook (#713), Fisher (Axel) Feltenberger (#303), Rosemary Bubien (#411), Linus Carroll (#209,613,706), Mark Hamilton (#510), Ken Dixon (#704)

Board Members Present via Telephone Conference: Jerry Moore (#601)

Members Present: Steve & Tina Thomas (#204), Sean Williams (#215), John & Karen Boyd (#301), Pamela Feltenberger (#303), Larry Denning & Grace Highfill (#317), Mike & Vicki Waldi (#407), James and Mary Coston (#505), Dawn Hamilton (#510), Dennis and Sharon Schlott (#603)

Members Present Via Telephone Conference: None

Management Present: Megan Pollak, General Manager

Election of the Chairman of Meeting:

Linus Carroll nominated Merrilyn Cook, 2nd Ken Dixon. No other nomination.
Ms. Cook accepted the nomination and called the meeting to order at 9:05 a.m.

1) Roll Call:

By way of roll call, the Chairman asked all owners present to sign the attendance roster.

2) Approval of Agenda:

Motion: Rosemary Bubien moved to approve the agenda as posted. 2nd Mark Hamilton.

Vote: No discussion, Vote unanimous. Motion carried.

3) Proof of Notice

Megan Pollak confirmed that Notice of the 2019 Annual Meeting was properly posted in accordance with Florida Statute 718.

4) Approval of the November 10, 2018 Annual Meeting Minutes (*Pages 1-7 of the Annual Meeting Packet*)

No revisions. Minutes stand as published.

5) Appoint Inspectors of Voting:

The Chairman reported that there were six (6) candidates to fill the four (4) vacancies on the Board.

Volunteer Inspectors: Karen Boyd, James Coston, Tina Thomas

- a) Count and Verify Paper Ballots
- b) Tabulate Electronic and Paper Ballot Results
- c) Tabulate Electronic and Paper Proxy Results

Inspectors relocated to the back of Palm Room to verify and tabulate ballots.

6) Management Report: Megan Pollak

Mrs. Pollak reported the status of the Islander and the Islander Rental Company.

- Halliburton settlement: \$20,764. This represents the final settlement from the 2010 BP oil spill.
 - ✓ Funds to be expended to pay for humidity sensor installation and monitoring costs through 2019.
 - ✓ Remaining funds set aside in a “Rainy Day Fund”.
- a) Grounds and Maintenance
 - Spring Planting: \$6,266 new plants
 - Completed Projects fall 2018 through November 2019
 - ✓ Parking lot and curbs
 - ✓ Pavers installation all areas except those installed on the south side of the Phase I pool in 2010.
 - ✓ Tennis courts including lighting and resurfacing in blue and gray
 - ✓ Louvers
 - ✓ Walkway and roof lights
 - ✓ Installed new Exterior doors by the 18 stack and center storage and completed caulking them
 - ✓ Master Bedroom Window caulking following identification of faulty seal completed end March
 - ✓ Remaining Sliding Glass Door caulking completed by March
 - ✓ Installation 3 new bollards at the front gate to prevent gate damage completed February
 - ✓ Islander Rental Company Purchase
 - Placement uniform entrance rugs all units January.
(No charge to non-rental or outside rental units.)
 - ✓ Lobby replacements and additions: couch, mirror, accent table, pillows and turtle decal
 - ✓ Change out of beach gate combination code to key cards in February
 - ✓ Front door lock batteries replacement in April - unanticipated Association expense
 - ✓ Installation of safes in units that are missing safes or units missing the key
 - ✓ Painting/sealing: pool lip, grill area, pool bathrooms, laundry room doors, lobby and front desk areas
 - ✓ Replacement Tiki hut thatch
 - ✓ Replacement Phase 1 pool house door
 - ✓ Replacement metal roll up door at the maintenance shop
 - ✓ Humidity sensors: Installation delay due to insufficient product and occupancy until November.
 - ✓ Phase 1 pool house: A sand trap is being installed to prevent future toilet line blockage.
 - ✓ Replacement: right elevator motor, pump and valve. Out of service 2 weeks in summer.
 - ✓ The building plumbing is getting old. A few water leaks have required an outside plumber.
 - ✓ Phase 2 roof peeling: Belmac worked with the warranty company. The warranty is reinstated.
 - Scheduled fall 2019/winter 2020 projects
 - ✓ Re-seal Beach Walkway
 - ✓ Re-caulk bathtubs, toilets and bathroom sinks where needed in each unit. Last done 2013
 - ✓ Replace water heaters that are 10+ years old or showing signs of rust
 - ✓ Unit A/C inspections completed by Climate Makers

- ✓ Phase 2 pool house siding replacement
- ✓ Paint maintenance building and stairwells
- ✓ Repair/replace broken tiles on the 1st floor balconies
- ✓ Repair driveway by 101 stairs (trash door)

Election Results: (Agenda item 9)

Ms. Cook announced that the Inspectors had returned and we would proceed with election results.

Voter Summary:

Ballots: Electronic: 70 Paper: 5

Proxy1: Summary [Ed], Secures approval to apply excess income against subsequent tax year assessments per Internal Revenue Service ruling 70-604.
 Yes: 61 No: 2 Abstain: 12

Approved: Required 51% majority (61 YES Votes)

Election:	Board	Jerry Moore	62 Votes	Mark Hamilton	60 Votes
		Ken Dixon	59 Votes	Janet Jeffcoat	50 Votes
	Runners Up:	Grace Highfill	38 Votes	Mike Hickman	18 Votes

B) Marketing / Rental REPORT

- New website live February 7, 2019
- 110 units now participate in the Islander’s on-site rental company
- 2020 rental rate changes:
 - ✓ A 3% increase in 2020 rental rates with a 5% increase for the winter rates (not snowbird)
 - ✓ 25% discount to snowbirds who extend stay after March 7, 2020
 Guest Damage Waiver renamed Peace of Mind. Changed to \$50 per reservation regardless of stay. In 2018 it was \$9 per night on stays up to 14 nights and no charge after that.
- Children’s activities program: Once again a huge success (Nonie’s Animal Arc, Crystals airbrush tattoos and Helene/LaToyia painting on the beach)
- Occupancy:
 - ✓ October rentals lower 2019 than 2018 following Hurricane Michael.
 - ✓ Beach conditions and flesh-eating bacteria news publicity appear to have had a negative effect on not only on Islander revenue but the area as well. TDC reports less than projected revenue.
- VRBO reservations: \$571,658 in gross rental revenue which includes cleaning and Peace of Mind fees.
- New Rental-related contracts
 - ✓ Florida Rentals By Owner: \$50/property for 18 mo website listing. Anticipate go live date 12/19.
 - ✓ Perfleek: 7% commission per booking.
- Rental Company 2019 purchases for each participating unit:
 - ✓ 6-piece knife/matching cover set. Sale price \$20, originally \$60. Savings \$4,400.
 - ✓ 11-piece pot/pan set. Sale price \$80, originally \$280, an additional 20% off. Saving \$25,380.
- Rental Company 2019 Services provided each unit:
 - ✓ Housekeeping Deep Cleans:
 - Owners responsible for tile, upholstery, drapes, carpet, and dry-cleaning costs.
 - ✓ Virtual Tours: 14 completed to date

- ✓ Unit evaluations: In progress. Scale 96-100 Platinum, 88-95 Gold, 79-87 Silver and 70-78 Bronze.
- ✓ Utility closet: Items other than paint cans, broom, mop/bucket will be removed unless labeled with unit number when the unit is deep cleaned.
- Notified owners that Blue Van will remove the discolored grout from the shower tile and re-grout for \$150 per bathroom as well as clean and seal.
- 2020 Rental Agreement:
 - ✓ Implementing Docusign significantly increased rate of return. 11 of 110 have not been returned.
 - ✓ Islander Rental will cease marketing activities/services January 1, 2020 if agreement not returned.

C) Palm Room Report

- Beach conditions have necessitated limiting advertising and postponing/rescheduling marketing events.
- Non-beach ceremony options like lawn, off-site wedding, or Palm Room are perceived as less-desirable.

Year	2019		2018		2017
Event Bookings	13		22		22
Charge Range	\$500-\$1000		\$500-\$1000		\$250-\$500
Annual Revenue	\$8,250		\$11,350		\$6,500
Expenses Advertising	\$613/mo		\$439/mo		\$275/mo

D) Finance Report

- 2018-year end financials [as compared with 2017]:
 - ✓ Association Profit and Loss:
 - No Real Estate Income 2018. Palm Room income increased. BP settlement was used to pay off front window project, pavers and parking lot. Expenses decreased mainly due to only having a General Manager in 2018.
 - ✓ Rental Profit and Loss:
 - Commission revenue increased as we grossed over \$3 million in rental revenue for 2018. This also contributes to the increase in Damage Waiver [2019 renamed Peace of Mind], Housekeeping, Beach Amenity expenses.
 - BP settlement paid for the taxes and \$30K deficit from 2005-time frame in the advance deposit account. Front desk salaries increased due to the increase in occupancy.
 - Damage Waiver decreased in 2018 mainly because the rental company purchased \$10,000 in silverware in 2017 and replaced the unit blankets in 2018.
- 2018 Audit: No issues.
The Islander paid \$110,955 in income taxes and \$21,799 in state tax due to the BP settlement
- 2019 1st Quarter
 - ✓ Association Profit and Loss:
\$30,000 paid to C-Sharpe from Reserves to caulk the master bedroom windows. Unanticipated cost
 - ✓ Rental Profit and Loss:
Better than budget projection but showed a loss.
- 2019 2nd Quarter
 - ✓ Association Profit and Loss:
The BP settlement income paid off the balance from the kitchen and guest bedroom window replacement and common area windows' project [remainder owner assessment] and Tennis Courts.

- ✓ Rental Profit and Loss
Higher rental rates and occupancy increased rental commission income. Changes to the terms of the Peace of Mind collections increased revenue. One incident of BB treatment and remedy cost \$6,731.
- 2019 3rd Quarter and End of Year to Date Assessment
 - ✓ Association Profit and Loss:
The negative impact of lowering Association monthly dues from \$627.58 in 2018 to \$617 in 2019 on overall association operations becomes more obvious approaching year's end.
 - The Association currently shows an operating loss of approximately \$30,000.
The main items associated with the overage include:
 - 1) Significant increase in insurance expense of \$21,500 - \$19,000 over budget due to repercussions from Hurricane Michael in 2018.
 - 2) Increase legal fees; and, increased CPA fees related to determinations of BP settlement income - \$5,000 over budget;
 - 3) Palm room expense not budgeted separately from income - \$6,000 over budget
 - ✓ Rental Profit and Loss:
The Rental Company is showing a profit. Income and Expenses remain commensurate with occupancy. Advertising fees have increased with more VRBO bookings, our new website and marketing fees for google ad words. The Islander started paying quarterly taxes on the BP settlement in August and paid \$2,681 in quarterly filing late fees.
 - ✓ Reserves Year to Date Summary:
Although the level of funding decreased with the pavers, tennis courts and lighting, and the parking lot, the use of the BP settlement funds allowed us to complete the projects without thoroughly depleting the reserve accounts. This positively impacts the amount of funding going forward. The level of funding for the Master Bedroom windows decreased following pay out of \$30,000 to C-Sharpe. The overall impact of this is absorbable because of the remaining useful life of the windows. Now that the north side windows and common areas are replaced, it, like the exterior doors and sliding glass doors is added as a line item to the reserves going forward.

Unfinished Business

None

7) New Business

None

8) Election Results:

Announced and reported in Management Report section.

9) Adjournment

Motion: Mary Coston moved to adjourn the meeting, 2nd Sean Williams.

No discussion. Vote unanimous. Motion carried.

Meeting adjourned at 9:50 a.m.

Submitted
Rosemary S. Bubien
Secretary