

MINUTES
THE ISLANDER OWNER'S ASSOCIATION, INC
REGULAR SCHEDULED BOARD OF DIRECTOR'S MEETING
HELD ON MAY 16, 2020
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: Merrilyn Cook (#713), Rosemary Bubien (#411), Ken Dixon (#704), Janet Jeffcoat (709), Jerry Moore (#601)

Board Members Present via Telephone Conference Call: Linus Carroll (#209, #613, #706)

Board Members Absent: Mark Hamilton (#510)

Owners Present via Telephone Conference: Tracie Blair (#103, #113, #115), Tina and Steve Thomas (#204), Tracey and Steve Hay (#206), John and Karen Boyd (#301), Grace Highfill and Larry Denning (#317), Vicki and Michael Waldie (#407), Barbara Magnan (#506), Jack Collins (#612), Pam Ludwig (#615)

Management Present: Megan Pollak, General Manager, Cory Weiszhaar, Assistant Manager

1) Call to Order

Ms. Cook called the meeting to order at 9:05 AM CT.

2) Roll Call

Ms. Cook called the roll and confirmed that a Quorum was established.

3) Proof of Notice

Megan Pollak confirmed meeting notice was properly posted in accordance with Florida Statute 718.

4) Approval of Agenda

Motion: Rosemary Bubien moved to amend the agenda to add the President's Report.
2nd Janet Jeffcoat.

Vote: No discussion. Vote unanimous. Motion carried.

5) Approval of Minutes: January 25, 2020, March 20, 2020, and April 1, 2020

Ms. Cook confirmed there were no corrections or additions. Minutes stand as posted.

6) President's Report – Merrilyn Cook

When the Coronavirus first became an issue, everyone was worried, upset, and even somewhat panicked. Prior to the called board meeting on April 1, Megan had contemplated resigning and one of the board members disclosed this during the discussion at that meeting. Not long after that meeting, she re-thought it. There were many issues to work through; however, most of which were brought on by Covid-19. It is time-consuming to work through issues with 7 board members in different cities on different schedules and I'm very much in favor of taking the time to be sure the entire board is on the same page and that we have all had the opportunity to voice our concerns and opinions. For this reason, it took much longer than I had anticipated to finally get all the

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issues confronted and dealt with. In fact, we were just able to complete this earlier this week. My thought initially was to communicate via email to all the owners, but since we just talked through the last of the issues on Tuesday, I decided to give a President's Report because the board meeting was so close at hand. Megan remains our general manager and will be our general manager for the foreseeable future. She has done a very good job as our general manager and will continue to lead The Islander well through the rest of the Covid-19 pandemic. Although it has quickly become an over-used phrase, these "unprecedented times" have had more than a few unintended consequences brought on by basic misunderstandings that quickly escalate to undue proportions. This has been the case with this.

7) Management Report

a) Finance Report- Megan Pollak

i) 2019 Audit:

- Financial statements present fairly, the financial position as of December 31st.
- Balance Sheet
 - ✓ Income tax receivable \$30,344 due to the Association's net loss.
 - ✓ The rental company drew \$55,000 on the line of credit for the losses at end 2019.
- Profit and Loss Statement
 - ✓ Reserve interest income: \$16,015.
 - ✓ Income tax credit: \$19,904. Prepaid income tax \$10,440: Total \$30,344 based on the combined loss of the Association and Rental Company. The refund is credited to the Rental Company which always assumes the payments of taxes.
 - ✓ Association Loss: Bills were paid in early 2019 but the funds were transferred from the Reserves to the Association at the end of 2018.
 - ✓ Rental: Laundry expense of \$74,395 was not accounted for in the budget. The \$55,000 borrowed to cover the rental shortfall was decreased to \$14,766 by billing 2019 linen stock \$22,654 and close to \$20,000 in deep cleans as allowed by the Rental Agreement.
 - ✓ Audit notes:
 - (8) 1996 SBA year loan should be paid 1 year earlier than 2/1/26 maturity.
 - (11) Disclosure GM's husband is contracted to shoot the virtual tours.
 - (14) Discloses the litigation between the association and unit owner.
 - (15) Discloses receiving \$112,700 from the Paycheck Protection Program and the terms of repayment if the loan is not forgiven.

ii) 2020 First Quarter Review:

Association Balance Sheet: Cash on hand is less mostly due to COVID-19 as the Islander waits until the end of the month to collect owner payment.

Rental Balance Sheet: At the end of March, there was \$250K less in advance payments.

Association PL:

- ✓ Salary costs have decreased due to personnel cuts, management and staff assuming additional responsibilities, and no spring planting needed due to the mild winter.
- ✓ Annual fire extinguisher and sprinkler inspection completed. Cost \$3,200.

Rental P/L:

- The Islander closed 3/20/20 due to COVID-19. The cancellations pre closure resulted in a cancelation income of \$9,900 for March from 198 cancelations.
- \$100 per month was collected from owners in January and February for 2019 linens stock and \$200 billed in March for 2019 deep cleans.
- 1st Quarter interest on the Line of Credit was \$1,000.00
- The beach amenity contract will not need to be renegotiated. Owners will not need to assume the \$7.42 per day charge owner guests and renters accrue and owners will continue to receive complementary service.

TO DO: Mrs. Pollak will ask owners to generously tip beach attendants as they are not earning money with mainly owners occupying the Islander under the beach amenity contract.

Reserves: (Page 37-38)

- Expenditures total \$13,929 which includes the final payment to seal the pavers, and \$6,325 for replacement window latches.

Server: The 11-year-old server has to be replaced. The cost from the IT company is \$14,546.70. There is \$8,300 budgeted in reserves which is roughly \$6,250 short. The pooled interest reserve account has sufficient funds to cover the shortfall.

Motion: Ken Dixon moved to purchase a new server after securing an additional quote using the \$8,300 budgeted in the reserve account and the remainder from the pooled interest account up to the amount of the current bid. 2nd Rosemary Buben.

Vote: No discussion. Vote unanimous. Motion carried.

TO DO: Secure an additional bid and purchase a new server.

iii) Line of Credit:

- Renewed 4/11/20 - Prime + 1% or 4.25%. 2020 \$250 loan processing fee waived.

iv) Cost Savings Measures Report: 1st quarter

- Bookkeeper position eliminated. Management has assumed.
- Cory Weiszhaar, Assistant Manager, assists with maintenance if needed.
- Terminated Five Star from the common area cleaning at this time.
- ENCO replaced Cox as the internet provider.
- Updated lease with Harris Business Machines for office copier.

b) Building / Grounds Report - Cory Weiszhaar

i) Coastal and Striping – Sealcoat parking lot (page 39)

Mrs. Pollak secured bids. The Board authorized proceeding while closed via e-mail.

Motion: Jerry Moore moved to accept the Coastal Seal Striping bid. 2nd Janet Jeffcoat.

Vote: No discussion. Vote unanimous. Motion carried.

ii) Miscellaneous

- Completed Projects
 - ✓ Parking lot sealed, parking areas striped, cracks filled.
 - ✓ Phase 1 dumpster driveway painted and sealed along with the trash roll-up door.

- ✓ Pools: Phase 2 pool house siding replaced and painted; Phase 1 filters replaced; and lip and edges painted on both pools including minor cosmetic repairs.
- ✓ Pool furniture/bathroom. floors pressure washed and furniture repaired.
- ✓ Gazebo: grills replaced
- ✓ Tiki bar top and tiki grills replaced - thatch on order.
- ✓ Maintenance building painted.
- ✓ Shuffle-board court (Phase 1) painted.
- ✓ All 3 stairwells painted and sealed.
- ✓ 1st floor balconies: broken tiles replaced; back lip and front door lip painted
- ✓ All elevator lobbies detailed (areas cannot be pressure washed due to electrical)
- ✓ All air filters replaced, drain lines bleached, and preventive maintenance done
- ✓ Water heaters replaced. Currently none older than ten years
- On-going Projects
 - ✓ Irrigation- repairs and water shortages
 - ✓ 1st floor Laundry Room – dryer repair and dryer venting issues.
 - ✓ Touch-up painting- high traffic areas will be completed when the pressure washing of the building/windows is done.
 - ✓ Fence - replacement individual boards; Islander side needs to be painted.
 - ✓ French Drains: Major stack issues resolved. Few roof AC drain lines remain.

c) Marketing Report- Megan Pollak

- i) VRBO Report: Reservations down; summer dates will open when suspension is lifted.

d) Rental Report- Megan Pollak:

- On March 6th we were over 10% ahead of 2019. As of May 12th, we were 40% lower in gross rent than in 2019 (page 40) due to COVID-19 impact.
- Short term rentals were suspended March 28th. The ban was extended indefinitely May 4th. However, on May 15th Gov. De Santis approved county by county reopening. The Okaloosa County Commissioners will meet May 19th.
- The Islander changed the date of accepting rental guest from Monday, May 18th to Thursday, May 21st. No payment is being taken until the short term rental suspension is lifted so that neither the Islander or the guest will be out any money. All guests have reacted positively to this policy.
- Rental owners should now expect to lose money this year. Budget projections for March, April and May show a loss of \$478,264 in revenue because of the closure. While the Islander will market rentals aggressively, it is not anticipated that we will meet budget projections due to lost revenue during closure, people having lost their jobs and/or having had to use vacation time, and variable quarantine requirements.
- The Islander's URL is Islander-Resort because the name Islander had been registered when the Islander applied. Because of the Front Desk operation, The Islander is considered a condotel.
- The State's attorney general declined to issue a legal opinion when contacted about clarification regarding the extension on EO 20-87
- Management has been and will continue to send out update emails to guests informing them of the new changes. Each email sent has included the new policies, if any, and implications for the guest. The most recent e-mail informs that May reservations will be given a 100% refund with a 24-hour cancelation period with final payment being due then. Arrival dates June 1 – 15 is a 48-hour

cancellation policy where the guest loses \$50 if they initiate the cancellation. Final payment is due 48 hours prior to arrival. Arrival dates of June 16 – 30 have 14-day cancellation period with final payment being due then. July 1 and after cancellation and payment policy unchanged. If the guest lost \$50 because of COVID-19 the Islander is providing a \$50 credit toward their next reservation. Management has strived to maintain good guest relations and has had minimal complaints.

- COVID-19 protection measures based on current CDC and Task Force Recommendations.
 - ✓ Plexi Glass to be installed at the front desk.
 - ✓ Employees wear masks when in contact with guests and use gloves as indicated.
 - ✓ Sanitizers are placed throughout the common areas.
 - ✓ A package of sanitizing wipes is provided at check in and on-request.
 - ✓ The Islander is currently requiring an overnight gap between occupancy. The task force recommends 72 hours however assessment indicates that the additional cleaning requirements can be met through proactive measures with a 24 hour/overnight gap. Practice will be adjusted if recommendations change.
 - ✓ Additional cleaning measures include washing all surfaces between occupants.
 - ✓ Removal and storage of non-essential dry-goods [like throw pillows].
 - ✓ All bed linens will be washed between occupants. The Islander will alternate bedspreads and blankets. [All items in all units were cleaned during shutdown.]
 - ✓ The Spas will remain closed. Water has been drained.
 - ✓ The Pools will remain on limited hours.
 - ✓ Some furniture has been removed from the pool area to ensure 6 feet minimum spacing.
 - ✓ Owners/Guests are asked to clean furniture between use with wipes provided.
 - ✓ **Owners are asked to call a minimum of 24 (48 would help management and staff) hours in advance to arrange occupancy in their unit.**

- Modified Operations: Closure and initial Phase I reopening
 - ✓ Front desk 8:30 – 4:30. Mrs. Pollak’s number posted in lobby for after hours emergencies. We have an Answering Service for non-emergency after hour calls.
 - ✓ Skeleton crew of 3 full time and 2 part time employees staff the front desk, clean the common areas (lobby, lobby bathrooms, pool bathrooms and 2nd floor laundry area) clean units, inspect units and launder all linen and bedding in house. 5 Star assistance if needed.
 - ✓ Maintenance staff: Todd and Steve with Cory assisting as needed.

- Travel Insurance and Reservations

Travel insurance, which did not cover COVID-19, is suspended. If it is possible to obtain a cancel for any reason policy; it will be reactivated. Otherwise the negative impact of upset guests outweighs the financial loss.

- The pros and cons of an amenity/administrative type fee were discussed. The booking fee of \$35 has not been charged since on-line booking was encouraged a few years ago.

Motion: Jerry Moore moved to add Amenity Fee to the August Agenda. 2nd Rosemary Bubien.

Vote: No discussion. Vote unanimous. Motion carried.

TO DO: Management contact BOD to reevaluate earlier if indicated. Otherwise place on August agenda.

- e) Palm Room Update- Megan Pollak
 - i) Wedding Wire Contract: Our contract renewed May 1st. The monthly cost is \$613.33. We have 6 weddings schedule from July – October this year and 3 for 2021.

8) Unfinished Business

- a) Beach Renourishment Update: Dredging is nearing completion. The beach looks great.
- b) Long Range Planning Report – Jerry Moore
The committee's only ongoing project at this time is research into the 99-year lease of property with Jetty East. When new information is available, it will be put on the agenda for reporting purposes. If other projects are identified, the committee will call a meeting.
- c) Employee Handbook
Merrilyn Cook, Rosemary Bubien and Janet Jeffcoat have worked on the document and are on target to submit proposed revisions to the Board for review prior to the August Board meeting.
- d) Employee Bonus Criteria
Motion: Janet Jeffcoat moved to table. 2nd Rosemary Bubien.
Vote: No discussion. Vote unanimous. Motion carried.
- e) Personnel Update:
 - Megan Pollak and Cory Weiszhaar have added bookkeeping functions to their responsibilities. While shut down, they have answered the phones, returned calls and answered the front desk emails to save on staffing expenses. The bookkeeper position has been eliminated at this time.
 - Helene Korski has retired. If the Kids’ Activities Program can be resumed, Jessica and LaToyia will assist.
 - Front Desk: Both Kendall, who has been rehired, and Ashley, new person, are expected to start around June 1st as they have to provide a 2week notice. Management is assisting with staffing due to personnel shortage.
- f) Real Estate Report- Merrilyn Cook
No income was generated from the 2 private sales since January.

9) New Business

- a) 2020-2021 Insurance Renewal
Insurance renewal is due 6/1. Estimated minimum cost increase is 10%.
- b) Assistant General Manager Contract
Motion: Rosemary Bubien moved to recess and reconvene following the assistant manager contract decision. 2nd Jerry Moore
Vote: No discussion. Vote unanimous. Motion carried.

10:30 AM Meeting Recessed

12:00 PM Meeting Resumed

Cory Weiszhaar accepted the assistant manager contract.

10) Other Business

None.

11) Adjournment

Motion: Ken Dixon moved to adjourn. 2nd Linus Carroll.

Vote: No discussion. Vote unanimous. Motion carried. Meeting adjourned at 12:01 PM

Submitted,

Rosemary Bubien
Secretary