

***Annual General Meeting***

***Thursday, November 5, 2015***

The meeting was held at the Paradise Island Beach Club (“PIBC”). Chairman of the PIBC Management Committee, Jim Martens called the meeting to order at 4:00 p.m. The Chairman confirmed that the members present and the proxies received exceeded the minimum requirement of six (6) members or 110 proxies.

***Introductions***

Mr. Martens welcomed attendees and introduced the Management Committee members. Present were:-

* + Jim Martens – Chairman
	+ David Rice – Member Representative / Elected
	+ Scott Sieck – Member Representative / Elected``
	+ Mike Patoka – Founder Member / Appointed
	+ Maria Castrechini – Founder Member / Appointed
	+ Tony Knowles – General Manager

Mr. Martens announced that Theresa Haven-Adderley was Recording Secretary for the Meeting.

Following is a list of Members present and number of weeks owned:

|  |  |  |
| --- | --- | --- |
| ***First Name*** | ***Last Name*** | ***# of Weeks Owned*** |
| Bill | Combuchen | 3 |
| Maureen & Scott | Sieck | 4 |
| Linda | Stamer | 4 |
| Arleen  | Burns | 2 |
| Glenna & Jim | Martens | 2 |
| Lynda & Bill | Haines | 4 |
| Carol & Mike | Patoka | 1 |
| Patrick | Delaney | 1 |
| Vicki | Gilgor | 2 |
| Dennis | Priven  | 2 |
| Monica & Mike | Berckes | 1 |
| Bob & Nadine | Tokash | 5 |
| Marian | Wallace | 1 |
| Sally & David | Rice | 13 |

Mr. Martens presented the agenda for the Meeting and the 2014 AGM Minutes and invited motions to accept.

***Meeting Agenda:***

Motion to accept the Meeting Agenda as posted to the Club’s website

* 1st – Mike Patoka
* 2nd – Scott Sieck

Unanimous vote.

***2014 AGM Minutes:***

Motion to approve 2014 AGM Minutes as posted to website

* + 1st – Bill Combuchen
	+ 2nd – Glenna Martens

Unanimous vote.

Mr. Martens presented the Chairman’s Report and noted the following:-

* With oversight from Tony Knowles, who joined the Management team 8 years ago, the Club continues to grow and improve. One of the things you will see as you go around the Club is work-in-progress on the many upgrades and improvements. These will continue in order to enhance the Club property and facilities.
* Defaulted weeks continue to be a problem and have resulted in an aggressive rental program in order to balance the budget while trying to re-sell those weeks. There is huge emphasis placed on the rentals program, as it is an important ingredient in our financial planning.
* In 2016, the Management team will continue to fix and upgrade the Units and the Club property overall. We are also looking into implementation of an energy efficient initiative that will result in significant energy costs savings for the Club. Already, we have completed the installation of new hot-water heaters, but the remaining initiatives include:-
1. Purchase and installation of the rest of the energy-efficient air-conditioning systems to complete the remaining Villas; and
2. Installation of LED lighting throughout the property. This will decrease replacement costs, since LED lights have a life of 10 years versus other lighting which requires replacement after a few months.
* There is no intention to increase management/maintenance fees in 2016.
* The Committee and the Membership greatly appreciate the time and effort that Tony Knowles has given this year and in previous years. On behalf of the Management Committee, and the Membership, we again give special commendation and recognition to him for his efforts and accomplishments.
* Club Members are again invited to address any concerns to their elected Committee Members. Tony and his staff remain willing to satisfactorily address all concerns.

***Management Report:***

***Vote of thanks:*** Management thanks the Management Committee and the Members of the Club for the opportunity given to serve and the general support to the Management team. Personal thanks given to Jim Martens as one of the original Management team who saw wisdom in bringing me on and providing support for all efforts so far.

Enhancements and continued progress in the goals to improve the overall vacation experience at the Club continue. Some of the efforts are:-

***Property:*** The foundation of the Club is the beautiful beach. Discussions have been ongoing regarding the safety and security of patrons using the beach. There were talks in recent times about closing the beach access next to the RIU Hotel and Sunrise Beach Villas. In a recent meeting with the security team and Island officials, it has been explained that the beach will be closed to vendors but open to the public. The date for implementation of this rule is January 4th 2016. All the necessary measures are in place to ensure that the conditions of our beach will not change. A chain-link fence is installed to control crowds if necessary, a security booth will be installed next to the gate and manned by two of the Island’s security team at no cost to PIBC. We do not anticipate any changes to these plans.

***Reservations:*** Management continues to deal with the challenges relating to the Reservations process. One of the biggest challenges is the typical request for a Thursday-to-Tuesday stay. We do not have a demand problem as there are lots of requests; the challenge is in accommodating them. Accommodating a request for a Thursday-to-Tuesday stay is easy if the it is a slow period at the Club, however, the demands always happen when there is limited vacancy, making it difficult to accommodate a request that has an imprint in two separate weeks. We are, nevertheless, happy to report that the reservation process continues to improve. 2015 has been a good year. The Club is about to launch its new website and Facebook page. Management continues to encourage all Members who visit the Club and would like to pay maintenance and other fees as you did in the past, i.e: with cash or by check, to continue to do so. The Management Committee has approved the social membership for 50 persons and those accepted will be properly vetted. We are targeting the home and condo owners who live on Paradise Island, since they already use our beach, and their impact will be minimal.

***Rentals:***  Today the income from re-sale of weeks still outweigh the income from rentals, when the pendulum swings the other way, making rentals the primary source of income, the Club will then be on the right track for its financial security in the future. I foresee this happening in the near future because of what we are implementing today: the normal shut down period, weeks 35 and 36, will continue to be available for rentals. The social membership will expose the Club to new avenues of rentals; the memberships, coupled with planned weddings, family reunions, group getaways and other like events, are becoming very popular at the Club. We are about to launch a new website [www.paradiseislandbeachclubbahamas.com](http://www.paradiseislandbeachclubbahamas.com/) and a new Facebook page to promote regional marketing for the different seasons, exposing the club to the masses that are seeking to vacation at a boutique resort in the tropics.

***Assignment of weeks:*** Management must assign weekly rentals by October 1st in accordance with the Club’s constitution, which actually states an assignment date of October 1st. Any person who has not made a reservation as yet should contact the Club as soon as possible.

***Physical Property:*** Termites were found in the roofs above the breezeway and Block 2, (Villas 7 through 12), and also in some of the trees and coconut palms on the property. These are being addressed. We are still pursuing the Government agencies to grant the Club a duty-free concession to assist with cost-cutting on the necessary items to further improve the physical property, and especially the interiors. We are concerned about the need to erect a seawall in front of Block 1 (Villas 1 through 6). This Block is less than 20 feet from the embankment next to the beach, which has very recently experienced the powerful force of Hurricane Joaquin. This seawall is a high priority, the wall will extend from the existing seawall all the way to the boundary next to Miramar. It may take us two to three years to complete this project.

Some of the noted improvements to the property include:-

* Enhancements to the deck – these have been well-received, especially since the Club is becoming increasingly popular for events
* Electrical Supplies - Energy-efficient air-conditioning units have been installed in some Units. Installation will continue in 2016. It has been suggested by Mr. Rice (Management Team Member) that we look into 3-phase electrical supply upgrades. This will be continued in 2016. An energy audit conducted this year has provided some good suggestions which we are being looked into by Management.
* Telephone systems – We are about 90% completed in converting the Club’s existing telephone system to a new and improved one. We have upgraded from 8 lines to 24 lines with local supplier, BTC. The new system will allow for each Villa to be equipped with 2 telephones – 1 of which will be a hand-held phone. The rates to the USA will be cheaper than you may have in place from your provider as it relates to roaming charges.
* Villas – Further upgrades are being done. The armoires are being replaced with chest-of-drawers, wall-mounted televisions are being installed and a desk will be added to replace the make-up table, allowing for a better use of this area.

***Conclusion:*** The Club’s achievement of being the recipient of TripAdvisors’ Certificate of Excellence Award for 2015, this has now occurred for five consecutive years and Management will continue to improve the property, further enhancing your vacation experience and to promote rentals and re-sales. Members are encouraged to continue their contributions and support. The Management Team is looking forward to serving the Club again in 2016.

The achievements of the Club are made possible because of the great team that PIBC has. Recognition is now given to a few of them who went above and beyond in their duties, aiding in the Club’s success.

* + Derek Rolle – Maintenance Department;
	+ Loretta Stubbs – Front desk
	+ Martha Smith – Re-Sales
	+ Trevor Daxon – Chef at Pool bar
* Gerson Velmonte - Data entry clerk for Micro-systems in the Mini-Bar and pool bar

***Financial Overview:***

Mike Patoka reported as follows:-

* There will be no increase of fees for 2016. There is enough cash to finish projects and, in fact, the Club will turn a very small net profit in 2015.
* The June reports have been posted to the Club’s website and Members are encouraged to visit the website and review the financials.
* Cash on hand as of November 2nd, 2015, totals $1,635,200.00 (versus $1,547,400.00 on November 2nd, 2014). The increase can be attributed to the increase in collected 2016 maintenance fees. In November of 2014, the Club had collected 2015 maintenance fees of $1,839,900.00 (versus $2,000,900.00 in November of 2015 for 2016).
* The Club should go into 2016 with approximately $1.1 Million of cash.
* Payables have decreased from $191,100.00 in November of 2014 to $124,600.00 for the same time period in 2015.
* Accounts receivable stands at $59,500.00 outstanding for 2015. Defaulted weeks, as of October 31st, 2015, stands at 208.
* Mini-Mart sales as of November 4th, 2015, are $699,100.00 for the year. Pool Bar sales total $404,400.00 Inventory on hand in the Mini-Mart has increased by $25,200.00 over 2014 levels, making more goods available for owners and guests.
* Total equity as of November 2nd, 2015, is a positive $73,200.00. Net profit for 2015 is projected to be $24,700.00.

The Club’s initiative of social memberships is expected to increase returns. Management Committee is quite pleased with the Club’s financial position. It is commendable that the Club remains financially sound as we head into 2016.

***2015 Elections:***

There were a total of 590 votes (31%) received. The new online voting system allowed voting until the cut-off date of 15th October. Following are the nominees and voting results:-

|  |  |  |  |
| --- | --- | --- | --- |
| ***Nominee*** | ***Manual Votes*** | ***Online Votes*** | ***Total***  |
| Patrick Delaney | 11 | 72 | 83 |
| Robert Groff | 101 | 78 | 179 |
| Bert Milliken | 10 | 138 | 148 |
| Scott Sieck | 62 | 118 | 180 |

The final votes resulted in the re-appointment of Scott Sieck as Owner/Member, for another 2 years, winning by one vote!

***Unfinished Business from 2014:*** None known.

***New Business:***

Questions/comments from Members and answers by the Management Committee Members:

* Bill Combuchen – Would the Club consider presenting a report in tabular form simply explaining # of Members and # of weeks, identifying the defaulted weeks?
* Bill Combuchen – Also, can electricity costs not be indicated in a lump sum along with the Maintenance fees? Clarification of the initiative is requested regarding the upgrade from single phase to three-phase and what effect this would have on the costs. It was noted that calculations and projections made are based on what would be the savings to the Club. Mr. Sieck also noted that the introduction of VAT tax has created an issue as it is levied on all services (electricity included). The Club plans on purchasing the air-conditioning systems (energy efficient), replacing water-heaters, etc. with the goal to recoup what is currently being spent and start saving on the electric surcharge, which is a reduction of expense and not income. Energy costs in The Bahamas are among the highest – 46 cents per kilowatt hour. The capital expense of $250k would equal a savings of the same amount for the first year. It was noted further that the generator charges have been capitalized. The Club continues to pursue duty-free concessions, which would result in a huge savings on importation of items.
* Monica Berckes – Happy to hear about the maintenance fees. Should we be worried about the costs relating to the generator and the sea wall (crack at the bottom)? Tony Knowles confirmed that the generator is budgeted to come out of the cash funds available, and that the repairs and corrections to the steps and sea wall will be addressed. He stated that there are no plans for a special assessment. Monica recommended that there should be an increase to the requirement of $70 minimum spending to something more reasonable in order to support the pool bar further. If we are going to put a minimum spending in place then make it something that can assist the pool bar, $10.00 total per day is really not effective and added that the Maintenance fees are the same for the different seasons and views, when in comparison to what it would cost to rent a Hotel room the difference is substantially different, should it not reflect something similar in the Maintenance fees? Winter is not impacted by hurricanes and the disruption of Vacations as a result. Mr. Martens thanked Monica for her contributions and for the idea of increasing the minimum spending at pool bar. He also mentioned that the pool bar is losing money and that it is really an amenity to the vacation experience and that there are initiatives requiring attention, noting that the same maintenance fees do apply to all views and seasons not sure how or if it could be changed.
* Linda Stamer – Is there any updates on the proposal for golf cart shuttles to Atlantis as was discussed last year? Jim Martens responded that related costs are prohibitive to run a shuttle every 2 hours. It was noted that the problem with existing taxi services is that the cost is $18. Suggestions made by Carol Patoka and Sally Rice – walk over to One & Only or the Cloisters and take the shuttle from there.

***Adjournment:***

Motion to adjourn the Meeting

* 1st – Mike Berckes;
* 2nd – Vicki Gilgor;

Unanimous vote.

The 2015 Annual General Meeting of the Members of the Paradise Island Beach Club was adjourned at 4:59 p.m.