

Alexandra Timeshare Owners' General Meeting

Minutes of the Annual General Meeting
held at 594 Broadway (Off Houston), 11th Floor, New York, NY 10013, USA
Saturday, March 4, 2017
11:00 AM to 3:00 PM

In Attendance:

Robert Appelbaum
Mark Sokolow
Daniel Marks
Joanne Marks
Diane McCarthy
Kevin McCarthy
Patricia Jordan
Jack Jordan
Gary Leimkuhler
Margaret (Peggy) Leimkuhler
Caroline van Scheltinga – CEO, WIHL
Stewart Howard – Managing Director, British Caribbean Bank
Natasha Howard- Finance Director, Alexandra Resort

Call to Order:

The Extraordinary General Meeting for the Timeshare of the Alexandra Resort (ARS) was called to order on March 4, 2017 at 11:12am in room by Robert Appelbaum who also served as chairperson for the meeting and Natasha Howard as Secretary.

Presentation on the replacement of roofs and air conditioners:

Robert Appelbaum introduces Mark Sokolow to talk about the roofing project. The following is a summary of Mark's report of the building history:

There have been numerous roof leaks over the years, with repairs and patches done as required. This was a direct result of the roofs being poorly constructed. After a year's work of investigation and multiple reports, it was concluded that the roofs need to be replaced or substantially repaired. In addition, the air conditioners also need to be replaced. In South Florida, the high velocity wind and hurricane code requires

roofs to be replaced if more than 25% of the roof needs to be repaired, which is the case for the Alexandra. With regards to the roof there are two options: replace the tile, which a new type needs to be found as the current one is no longer in production, or metal roofs, which is shown to be the best and survivable during hurricanes. There are 10-12 bids for the AC which are about a year old so they need to be updated. Mark Parrish will oversee the project management to sure everything is done properly. The systems and materials are to meet the high velocity and hurricane zone specifications so that it's survivability will be long. Mark Parrish is introduced to talk about the project. He works at Concept Plus in TCI and is on island full time.

The following is a history of Mark Parrish's background:

He has been in TCI since 2000, prior to that he worked in London for 5 years. He also worked on rebuilding South Plaza following the IRA bombings in 1996. When he moved to TCI his first main project was the refurbishment of the Parrot Cay Resort. In 2004, he established Concept Plus. He was the project manager for a casino, and multiple villas, and has extensive experience in procurement, construction cost, project management and a bit of construction contract. He will work to ensure best value from all parties, and take back feedback to the core committee.

Mark Sokolow informed the members that based on the estimates received the roofs for all four buildings will cost about a million and a half dollars to replace, and the air-conditioning replacements will cost about a million and a half dollars. The ownership of the Alexandra would like to see the resort closed for the shortest period of time and the respective options in terms of the construction phasing are currently being investigated. Some of the options being investigated are as follows; do two buildings one year and two buildings the next starting in 2018 and finish in 2019; do one building at a time without closing the resort. The project committee is open to all options, as no one wants their units out of commission for very long, a minimal time period for repair is preferred. Resources and equipment need to be assessed and interviews need to be conducted. With the AC, roofing and general repairs each building is looking at about 3 months out of commission. There are options of decreasing money and increasing time, increasing money and decreasing time.

In the event of a resort closure Mark Sokolow requested the Alexandra management to consider accommodating the affected parties so nobody loses a year. He commented that this was done when the Chelsea building was closed for renovation, owners were accommodated when possible in another unit and when that option was not available they were given another week in the following year.

Daniel Marks enquired as to the preferred season to perform the work?

Mark Parrish responded that September is not an ideal month as it is the time of year with the most storms historically, however the months of August, September and October are also the resort quietest months. The safest time to do the project is the months of November, December and January but that is also peak season. As such a decision has to be made on this as there is a tradeoff to be considered.

Peggy Leimkuhler enquired whether it was anticipated that the full 3 million dollars cost will be a special assessment across the condo and timesharing? Mr. Appelbaum responded that more than likely this cost will be funded through a special assessment as the reserve fund is not sufficiently funded.

Joanne Marks enquired whether the construction contracts are shorted bonded? Mark indicated that only contractors that are backed by manufactures will be hired

Dianne McCarthy enquired whether the bank will have to approve the job for the contractor to get paid, and was this the case with Washington? Mark Sokolow indicated that Washington was in sole control however the bank now owns approximately 40% of the weeks and as such from an owner perspective they are actively involved.

Charlotte Briscoe (Room 1401 week 47) enquired whether the roof and ac will be done at the same time. Mr. Sokolow indicated that was the intent.

Charlotte Briscoe queried whether the owners will be given a different unit if the building has to be closed.

Natasha Howard indicated that management has not determined a course of action as the project is still in the discussion phase regarding the construction planning. Caroline van Scheltinga advised that Gloria Thomas the General Manager has extensive experience in managing construction projects while running a hotel at the same time so she will be working along with Mark Parrish because the impact on operations will be a key part of the decision making process.

Joanne Marks enquired whether the roofing material was metal and the probability of it rusting in the Caribbean climate. Mark Sokolow responded that the material was a specially coated aluminum which has proved to be the most durable and most survivable in high conditions when it is properly installed.

Pat Jordan enquired whether there were any buildings in Turks that have it, in order to identify what it looks like? Mark Sokolow indicated that the Salt Mills Plaza has a steel roof with Aluminum coating.

Discussion on Infrastructure

a) Wastewater Treatment Plant

Natasha Howard gave an update on the waste water treatment plant. The project was completed in 2015 and the plant continues to function properly. The clarity and smell of the water coming out of the plant is good and the waste water is currently being used to irrigate the lawn. However, it has been noticed that the smell emanating from the plant is stronger than expected. In order to combat this a new chemical is being used in the plant to speed up the breakdown of the decomposition of the waste in the plant. This has contributed to some additional cost.

b) Upgrade to digital cable TV

Natasha Howard advised that the resort has migrated to a digital cable system as the cable company will no longer be supporting the analogue system going forward. There were some issues with the remotes and set up boxes, but the Alexandra continues to work with the cable company to resolve this. Mr. Andrew Stone, the resort's IT Director reported that all the TV's have been upgraded to the new system. There were two remotes one for the TV and one for the box, but now there is the universal remote for both. Owners were advised to report all issues to ensure any continuing problems are addressed with Digicel.

c) Repairs and upgrades to water- related equipment:

Natasha Howard reported on the two water related matters at the resort, namely the water pressure issue and the water leak. Due to the increased occupancy in the TCI the resort has experienced an increase in the instances of low water pressure. To combat this issue the resort has installed a booster pump to keep the water at a steady pressure all year round. The second matter is with regards to the water leaks. There was a large water leak this year and one the year before. One of the recommendations coming from Provo water was the installation of additional water meters throughout the property to assist in the location of the water leaks. In order to put in these additional meters a detailed plan outlining the location of the water lines is required. Although management has secured the architectural drawings of the Alexandra management does not have confidence that the installation of the water lines followed the plans. This is in large part due to issues encountered when excavating to fix the last leak. The gas lines were inadvertently damaged during the excavation as they were located directly over the water lines. The location of the gas lines was not in line with the architectural drawings. As such, prior to the installation of any additional meters, a scan will be done to determine exactly where the lines are located to ensure no additional damage is done. This project will be undertaken over the summer, the scanning as well as the installation of the additional meters. The cost of the projects will be paid for via a special assessment.

d. Proposed painting of the buildings

Natasha Howard presented the case for painting the buildings. None of the building have been repainted and some are standing approximately 20 years. This year there was an incident in the Marylin building where a piece of the Stucco fell off the Marylin building. As such in addition to painting the buildings the stucco needs to be repaired or replaced in certain areas. The windows will also be recorked.

Wi-Fi capacity and change to flat fee billing per unit

With regards to the internet, the management company has been absorbing a significant portion of the internet cost. It was noted by some owners that the Wi-Fi is not consistent in several rooms and at times not available. Options of an authentication system for owners; to limit guests to 4 devices and a password protected Wi-Fi were suggested. It was concluded that the Wi-Fi issue would be brought up at the quarterly meeting to discuss other options for better Wi-Fi service.

Discussion of Reserve Study conducted by Association Reserves, a U.S. company: 1:43

Natasha Howard advised that the management company has commissioned a reserve study. The purpose of the study was to determine the capital expenditure requirements of the property and to utilize this

information to determine the funding requirements of the reserve. The reserve team assessed the building structure, grounds, ancillary structures as well as the Furniture Fixtures and Equipment in the rooms. The resulting report gives the average life expectancy and the associated cost of replacing the asset at the end of its useful life. Currently the reserve fund is underfunded as the balance is only sufficient to cover the insurance deductible in the event of a hurricane. Mr. Appelbaum indicated that the balance in the reserve account is approximately \$265,000. Once received the report will be shared with the owner group.

Discussion of increased security staff at the resort:

Due to the uptick in crime in the Turks and Caicos Islands the resort has increased the number of security offices. As such you will notice an increase in the security compliment at the Alexandra, this is reflected in the financial results with a negative variance in the security line. There are 12 security on property 24/7, in addition security is also outsourced.

Presentation of the 2017 actual financial results vs. 2017 budget

The forecast contains actual financial results for the 9-month period April 1st, 2016 through December 31st, 2016 and estimated results for the 3-month period of January 1st, 2017 through March 31st 2017.

The forecast is to finish the FY ended March 31 2017 at 1,665m vs a budget of \$1,648. The forecast for year end is to be over budget by \$18807. The primary contributors to the overall forecast results are:

Replacement Supplies due to the changing of room amenities	6.6k
Guest Supplies; cost overrun associated with key card expense	10.9k
Laundry	4k
Human resource payroll, due to the addition of a training manager	7.8k
Security payroll; hiring extra security to ensure complete coverage	4.6k
Admin Cost associated with increased credit card expense	9k
Security contract; hiring extra security to ensure complete coverage	11.3k
Pool & Beach payroll; increased staffing	10.7k
Installation of new cable system	23k
Insurance due to the increase in the valuation for content and liability insurance	11.3k

These increased costs were offset by savings in the following areas

Information payroll	10.7k
Landscaping payroll – absence of the grounds manager position	5.4k
Electricity, lower than expected fuel factor for electricity	75k

Presentation of the 2018 actual financial results vs. 2017 budget

Maintenance fees are expected to increase by 15.8k due primarily to the following

Security contract; hiring extra security to ensure complete coverage	12k
Admin Cost associated with increased credit card expense	6.5k
Uniforms, due to the replacement of all staff uniforms	5k
Landscaping payroll –grounds manager position expected to be filled	4.2k
Internet – Increase associated with the change in the billing procedure	14k

These increased costs were offset by savings in the following areas

Front Desk – Decrease in staff complement	4.8k
Maintenance – non-recurring expense from 2016, changing of room safes	26.3k

Election and appointment of Board of Directors

Ballots were distributed to everyone who was present to vote on the new budget and the new board. The results were as follows:

- Robert Appelbaum
- Mark Sokolow
- Michael Iczkovitz
- In addition, members from the WIHL Board - Stewart Howard and Caroline van Scheltinga

Discussion of maintenance fees calculation

Mr. Appelbaum reported on the change in the allocation methodology of the maintenance fees. He indicated that the management company was unable to determine the basis for the original maintenance fee calculation utilized by Mr. Washington Misick, as it was not defined in any of the documentation present at the resort. The allocation methodology was thereby changed to square foot in line with industry standards as well as the calculation methodology utilized to determine the strata fees of the condominiums. That change in allocation resulted in the two bedroom owners experiencing a significant increase in their maintenance fees relative to the one bedroom owners.

The two bedroom owners expressed their feelings as to how the change was unfair as the increase would have to be carried throughout their entire period of their ownership

Caroline van Scheltinga indicated that in the due diligence period it was noted that the timeshare documentation was significantly lacking and not properly executed as the timeshare plan was not filed with the Land Register. To regularize the timeshare company, amendments were made to the plan and

the plan was filed. In terms of the calculation of maintenance fees the original draft of the by-laws mentioned a point system but it was never defined. As such the maintenance fee calculation was determined based on the square foot of the unit. If the maintenance fee is analyzed on a per night per bedroom basis a studio at \$652 cost \$93.14 per night, a 1 bed at \$856 cost \$122.28 per night and the 2 bed at \$1676 cost \$119.71 per night. So roughly these costs are very consistent in terms of the value that each unit delivers to the experience.

Natasha Howard advised that a significant amount of due diligence was undertaken in deciding upon the methodology. As part of its due diligence the resort consulted several controllers at various timeshare resorts. These resorts either utilized a point system or a square foot system. For those resorts that utilized the point system, the holders of the peak weeks in the high season pay a significantly higher timeshare maintenance fee than the holders of those units in low season.

A member requested the new methodology be applied to the special assessments and not the maintenance fees. Mr. Stewart Howard explained that a special assessment only arises when your reserve is insufficient to cover the expense that happen from time to time. Every single year the owners pay a special assessment because every single year money is set aside for operating expenses, insurance and special reserve. As such, the maintenance fees and the special assessment cannot be calculated using two different methodologies. They have to be calculated the same way because a special assessment is only triggered when there is a short fall in the reserve.

There being no further discussion, the Meeting adjourned at 2:54 PM.