



PARADISE ISLAND BEACH CLUB

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*Annual General Meeting
Thursday, November 8, 2018*

The meeting was held at the Paradise Island Beach Club ("PIBC"). Chairman of the PIBC Management Committee, James 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:-

- James Martens – Chairman
- Robert Groff – Member Representative / Elected
- David Rice – Founder Member / Appointed
- Monica Berckes o 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:

Name	# of Weeks Owned	Villa # for this stay
Mary Barrows	3	6
Glenna Martens	2	3
Preston & Kellene Bruce	2	21
Susan Bellman	2	22
Sally Rice	13	17
Jim Dagustine	3	
Pat Spencer	1	38
Linda Bivens	3	11
Vicki Gilgor	2	4
Adrien McCosh/Tonra	4	10
Henry & Lynn Koprowski	2	5
Teresa Volpe	2	15
Nina Clark	7	14
Amy Morilla	1	40

Mr. Martens presented the agenda for the Meeting and the 2017 AGM Minutes and invited motions to accept.

Meeting Agenda and 2017 AGM Minutes:

Motion to accept the Meeting Agenda

- 1st – Kellene Bruce
- 2nd – Vicki Gilgor

Unanimous vote.

Motion to accept the 2017 AGM Minutes as posted to the Club's website

- 1st – Sally Rice
- 2nd – Mary Burrows

Unanimous vote.

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

- Over the past 2 to 3 years, Members have witnessed the positive changes to the Club. For example,
 - a) Air-conditioning system was replaced (converted to Freon);
 - b) LED Lighting installed;
 - c) Instant hot-water system installed;
 - d) Larger television sets put in the Units.
- This past year, we had the bedroom furniture installed and one-half of the Units re-tiled. So far, 22 Units have been done. We hope to complete at least another 10 Units soon.
- There have been a lot of improvements in maintenance and housekeeping for areas on the ocean, which have been a challenge. One problem we have had for the last few years is the Mini-Mart which has been a loser. Last year, the loss was \$81k; as of September 30th, the loss is \$60k. The Management Committee is in the process of leasing the Mini-Mart out to someone who has an extensive knowledge in this type of business – currently the person runs a kiosk at the local International Airport. The lease is supposed to start on December 1st and the rent will be \$36k in year 1, and possibly increase to \$48k next year.
- The wi-fi has been upgraded to unlimited access at no charge to Members.
- Another area of concern through the years, which continues to be a struggle is default weeks. At the end of 2016, there were 160; as of now, there are 254 weeks. A collections agency is now assisting the Club in this respect. Between rentals and re-sales, we are trying to recoup some of the defaulted funds. Weeks are still available for rent and purchase.
- Losses in 2016/2017 put us in a bottom-line equity loss. Between capital improvements, what we have left to do and what we are doing with the MiniMart and rentals, there may be a small increase in maintenance fees (which we have not had to do for a number of years.
- There are a few more things to be done; these will be completed over time.

Financial Overview:

The Chairman noted that the 2017 Audit Report has been posted to the "Members Only" section of the Club's website and invited Members to review and advise should there be any queries and/or comments.

Management Report:

Vote of thanks: Management thanks the Management Committee for all the efforts and sacrifices made over the past year. Much gratitude and appreciation is extended to the Membership for the opportunity given to me to continue to serve.

A lot has been accomplished at the Club this year, primarily due to the efforts made by the Club's employees who continue to make the effort daily to enhance the vacation experience and create memories that last a lifetime. We were extremely fortunate this year not to have been affected by any hurricanes or risks relating to them. We are mindful of those who have been affected by adverse weather conditions, especially those that may be Members of our Club.

The following points are to be noted:-

MiniMart/Pool Bar: As our Chairman noted, we are faced with challenges in the MiniMart. The members support represented just fifteen percent of gross sales, then there was the closure of the public beach access, this year it was closed for almost seven months, each year the stairs are wiped out at least once, some year it has been twice.

Over eighty percent of sales are breadbasket items, the Government allows a maximum of twenty five percent mark-up, this leaves little room for a profit margin, fresh market now has a pickup and delivery service, many of our members chose this option, I would advise that even though the ride is free, Super Value has much better pricing.

The conditions the Minimart faces gave the Committee, no choice but to take the approach of leasing it out. A tenant was found as Mr. Martens mentioned, he intends to operate things a little differently, he must, using the same model that we did will not work. He plans to change the appearance, to expand the menu and the hours of operation (offering breakfast, lunch and dinner) and provide entertainment, perhaps light jazz.

Managements immediate concern is that he carries the essential items needed, this was taken care of in the contract. Then for the added entertainment the audio level needs to be at a level as not to disturb our guest, he specifically stated that the music will be tasteful, the type of music played will not call for loud levels. We are of the belief that it will be a tasteful and welcomed change.

The Pool Bar is holding its own, this year it was treated for termites – all the old cabinets were removed and replaced at both Bars, which was an expensive undertaking. The Club was the beneficiary of some reach in coolers from the company which owns Kalik Beer, valued at \$30,000, at no cost to the Club.

A new custom-built canopy has been installed at the Ocean Deck which now provides some protection from the sun and is strong enough to reduce wind damage at a fraction of the cost of maintaining the old cranked awnings.

The Beach Bar is doing fairly well, though it would be good if Members were to use it more.

Bedroom Furniture: Special focus was given to the installation of much-needed new bedroom furniture (headboards, make-up tables, etc.), and the continuation of the tiling projects. To date we have completed approximately one-half of the property, which means that there are

still twenty-two Villas remaining to be re-furnished. Members who have had the opportunity to visit one of the recently tiled villas will have to agree that they look great!

To completely re-tile a villa costs an average of \$9,000.00. There are other costs that comes with tiling of a villa, consideration has to be given to removal of baseboards and doors, which can require (among other things) cutting into the walls to access pocket doors.

Premises/Improvements: Over the past 3 years, starting from November of 2015, the Club has received many much-needed upgrades, all without a special assessment and only a \$20 increase in maintenance fees. These upgrades/improvements were only possible because of the duty-free concession grant provided by the Government. Since receiving two duty free concessions, both was for a period of two years.

The first concession was granted in November 2015 for a value of \$876K the second one was granted in November 2017 for a total of \$2.3 Million, it expires this November. As a result the club received some \$2.2 Million in upgrades, the total actually spent was \$1.3 Million an obvious savings to the membership.

In addition to the savings on customs duties, there were savings on energy as a result of the investment made on energy-saving initiatives. Three years later, that investment has paid for itself! especially with the recent increase in energy costs.

Despite the unforeseen increased cost of doing business, every effort has been and is still being made to counter the rising costs to the Membership.

The Club is likened to a small country, with the Management Committee serving as its government, charged with the responsibility of managing a successful operation until the year 2032, the year when all contracts expire at the end of the Trust.

The success of the Club requires the assistance of the 1,600 persons that make up the total Membership. There are several ways Members can help; one important way would be by promoting your Club, this can be in the form of telling friends, colleagues and family about the Club and its amazing beach, posting photos and positive comments on social media chats, etc.

The Club is now better positioned to have a great year in rentals and re-sales, which would bring in much needed capital. We are about to launch an aggressive program for the re-sales, rentals and marketing efforts today are easier than before because of all of the many recent upgrades to the property.

Today, we have all the essential pieces to run a successful rentals program. For example, we can now boast of:-

- Upgraded reservations software,
- Partnership with a global distribution provider, which allows the Club to be sole by all the OTAs – Expedia, Bookings.com, Travelocity, Hotels.co, and every registered travel agency globally,
- Door locks and safes that allow audit trains as is customary in the hotel industry,
- Free Wi-fi throughout the Property,
- Daily housekeeping,
- New flat-screen television sets,
- New hospitality telephone system,

- Upgraded draperies, and
- New website that permits and allows a “book-it-now” button (thanks to Monica and past Management Committee Member, Scott Sieck).

These efforts support the promotion of the Club as a hotel property, for the first time, the Club took the initiative to block out a select group of Villas for periods up to six weeks consecutively, meaning that a renter is not tied to a Saturday-to-Saturday stay, we can now accommodate the travelers who prefer to enjoy the entire weekend that choose to travel on a Thursday to Tuesday or Thursday to Thursday.

We have less than 2 years left to finish the costly tiling upgrades. I have to point out that many items are still required to fully restore your club, November of this year will mark the end of our Duty-free concession, we do not have the resources to take full advantage of this and having received two back to back grants, I doubt that another one will be awarded prior to 2032.

With your continued support, we are going to achieve our goals and be able to provide even greater vacation experiences in the future.

We have a wonderful team at the Club, for whom I truly grateful for they are always excited to take care of our guests. I would now like to take this opportunity to give recognition to a few who have gone above and beyond in their duties, contributing greatly to the Club’s success and the comfort of its Members. These are:

- ☆ Candia Carey – MiniMart (Back-Office) (who will be starting her maternity leave today)
- ☆ Kenice Major - MiniMart (Cashier)
- ☆ Dillon Rolle – Housekeeping Helper
- ☆ Pierrecious Dorcine - Maintenance
- ☆ Basantha Clayton - Pool Bar
- ☆ Dorothy Munnings – Housekeeping
- ☆ Shenique Deveaux – Member Services

Tony expressed thanks to all for the opportunity afforded by being the Club’s General Manager.

Elections:

Three candidates participated in the elections process for the position of Committee Member. There were a total of 286 votes received (93 paper ballots and 193 online votes). Management congratulated Monica Berckes on her election for a term of 2 years, and thanked the other candidates, Giovanni McElwain and Joe Schilligo for offering themselves for the elections.

Following are the nominees and voting results:-

<i>Nominee</i>	<i>Total</i>
Monica Berckes	207
Giovanni McElwain	36
Joe Schilligo	43

Unfinished Business from 2017: Monica reported that last year when she was elected, she tackled the online booking process (with help from Scott Scieck), overhauled the

website, launched it, conducted extensive research during March and April of this year to see if there was an affordable solution for the ability to Book-It-Now.

Today maintenance payments can be made on the PIBC webpage and can be split over 3 months. Some \$138k was received for maintenance payments. Regarding online bookings, \$29,557 (deposits only) received, which is equal to 25% of what will be realized in terms of bookings. We are pleased with this; it will prove its worth in 2 years.

We started moving into social media to better integrate the Club into that arena. We now have a Facebook page "Paradise Island Beach Club Bahamas". We encourage you to "like" the page, and leave comments.

Pool Bar – We are still trying to figure out how to inject new life into the Pool Bar. We have introduced the Happy Hour menu and are considering themed days, maybe, 2-for-1, "Bahama Mama Mondays", "Tequila Tuesdays" – we are open for suggestions. We have leaned on Management Committee Member Maria for support and we will make a collaborative effort to increase awareness and activities at the Pool Bar.

There has been a big learning curve for me. With Management (Tony's) support, we tried to bring forth the best solutions. We thank our Chairman, Jim, who has also greatly assisted with the learning process. For the first time in years, the Club now gives the experience of "vacationing at a resort".

We are considering other activities, for example, reflexology massages at the beach, yoga, water sports, etc. to make the experience even better.

New Business:

Management representative, Monica, presented the following:

In addition to those things already presented, the Management Committee is working on more exciting things behind the scenes. We intend to add more perks and benefits to the Membership, for example,

- a) 10% discount at Luciano's and Anthony's Restaurants;
- b) 50% discount at Aquaventure @ Atlantis;
- c) 10% discount at the Golf Course next year;
- d) Discount at Via Café;
- e) Benefits and discounts from the Pirate Ship Excursion Adventure (a new venture which will have shore/harbour tours & excursions with costumed plays/skits and cultural shows catering primarily to cruise passengers, hotel guests, etc.).

Monica was thanked for her efforts.

Questions/comments and answers included the following:

- Members thanked the Management and Board for the continued efforts. One Member having gone through the various stages of the Club's progress (since it was managed by Marriott) noted that he was aware of the efforts made and how remarkable they are in

terms of growth and improvements. He reiterated that Members are “on board” with Management’s continued efforts.

- Another Member, having been at the Club for about 25 years commented that Tony’s hiring has been a godsend to the Club. Having also experienced the Marriott management, he noted that Tony has done a commendable job and wanted him to know how much he is appreciated.
- The gates are open at the back of the Club’s property. Are persons from the beach allowed to come to the property and use the facilities? Tony responded that to a limited degree, this would only be encouraged where it allows persons to see the property that may wish to buy into the clubs vacation program. Joseph has made great effort to ensure that persons utilizing the facilities/amenities are not disruptive. A recommendation is that the gate should be closed and if this is the case, then Guests should be encouraged to use their keys. It is noted that there is also a code so that persons who forget their keys may continue to have access.
- Another Member thanked the Committee and Tony for the continued efforts on the Club’s behalf. Inquiry made as to who is responsible for following up on the Trip Advisor and other booking tools? Tony responded that Martha is generally responsible. Tony also monitors the tools and addresses those queries Martha needs help with. Tony noted that Management has a challenge with exchanges sometimes, noting that the key is to respond quickly.
- Does Management provide any analytics on the website? Monica responded that in addition to capturing analytics and working with a company in Minnesota that would help persons going to the website prompting for a 10% discount. Also channeled some efforts to Texas where there are now direct flights to The Bahamas.
- What would the service fee be increased to? Jim responded that it will be minimal, considering the recent 4.5% increase in VAT, possibly \$75 from next year onwards.
- Noted by Maria that Management Committee should plan ahead, considering that electricity costs are likely to increase by up to 70%. Tony commented that energy upgrades were already made to the Club and that this should result in some savings to electricity costs. All residential properties have absorbed at 70% increase. BPL has tried to pass the same on to hotels, all hotels now pay this 70% increase, PIBC is an exception because it reduced its energy costs and carbon footprint. We have reduced our consumption by over 55% it was made clear to the team at BPL and that we cannot lower our consumption further. As of today, we have not received the 70% increase which was implemented back in August. The savings here is huge!
- Is there any way to have a schedule for transportation? Member noted that there is such a huge difference in terms of cabs and costs for trips from the airport; there used to be some information at the Front Desk, but there doesn’t seem to be any more. Jim advised that the cab cost from the airport is usually about \$45. Tony will check to see what options exist. Some Members noted that they had made private arrangements with certain drivers who are available to collect them once they are notified of travel arrangements. Another Member suggested that car rentals may be an option.
- Member noted that she was happy to hear about the plans for the MiniMart and considers this to be great news.
- Members are again encouraged to send in any comments by email.

Adjournment:

Motion to adjourn the Meeting

- 1st – Henry Koprowski
- 2nd – Glenna Martens

Unanimous vote.

The 2018 Annual General Meeting of the Members of the Paradise Island Beach Club was adjourned at 5:17 p.m.