

Sea Winds Condominium Association, Inc.

Minutes of the Sea Winds Board meeting held at the Sea Winds Clubhouse at 11:00 AM on Tuesday March 8th, 2016

Determination of a Quorum

A quorum was announced by the presiding officer, Jane Hartman. Five Board members were physically present (Jane Hartman, Mike Hughes, Phyllis Marino, Carl del Rosario, and Nigel Smith). Peter Weir participated via speakerphone

Call to Order

Jane Hartman, President of the Board, called the meeting to order at the date and location noted above.

Approval of minutes from previous board meeting

Minutes from the previous board meeting were approved unanimously

President's Report

Presented by Jane Hartman.

The old, stained carpet in the club house has been replaced with new laminate flooring that resembles wood. The flooring in the office was also replaced. The cost of the new floor was \$6,760 and was within budget. The office repainting cost \$150. Several owners kindly volunteered to help install felt pads on the legs of chairs and tables so that they will not scratch the new flooring. The office has been repainted and Liz Paterson has volunteered to help change out the dull, yellow lighting in the clubhouse with new, brighter light fixtures and to oversee other upgrades to the clubhouse starting in September.

An owner contacted the Board with concerns about possible snake bites that could occur along the Association's walkway to the beach. She suggested that netting be installed along the walkway, including the path through the dunes. Jane checked to see if any condominium associations in our area have installed netting along their walkways to the beach and none of them have. Neither have any of the hotels or city access paths to the beach. No action was therefore taken.

Treasurer's Report

Presented by Peter Weir.

Due to some unexpected expenses related to pool leak repairs, the Association is running over budget at this time. However, there are sufficient funds in the reserve and operating budget to cover the overage, so no special assessment will be needed.

The Association's insurance will be renewed on July 1st and this time it is anticipated that more of the premium will be paid up front to reduce the interest on the loan normally

taken to purchase the policy. The Board unanimously approved a motion to endorse the closure of this reserve account, the approval of which will be requested of ownership for the next annual meeting.

The treasurer is requesting that the ownership vote on moving funds from the legal reserve to operating funds as the legal reserve will be closed.

Legal fees and water and electricity costs have been declining and the loan taken out for major renovations in 2005 has been paid off. This provides for a greater cushion in our budget for expense increases.

The rental program is doing well with 20% higher bookings in 2015 versus 2014 and a 20% increase in income for the rental program which helps pay for the budgeted portion of the office staff and the maintenance person along with payments of its monthly allotment to the association.

The Board approved a motion to endorse the Finance Committee's recommended budget for fiscal year 2016-2017 totaling \$551,643 with \$511,775 of revenue coming from owner assessments. This will keep the monthly assessments at the current levels. The motion passed 6-0. The budget will be sent to owners for approval at the next annual meeting.

The Board approved a motion to endorse the pooled reserve fund contribution for FY 2016-2017 in accordance with the reserve study to cover capital expenditures and it passed 6-0

Building and Grounds Report

Presented by Gary Thompson, Manager.

The smaller sections of roofing between the 3rd and 2nd floors of the three bedroom ocean-front units need immediate replacement because of their deteriorating condition. Rather than just repair those damaged sections it makes more sense to reroof the 3 bedroom ocean front units at a total cost of \$35,770 for all 12 of those units. There are funds in the reserves to cover this. Those units were scheduled for reroofing in about 5 years, so it made sense to do that now. The Board approved the motion 6-0. Re-roofing of those ocean-front units will commence shortly.

With regards to the pool and spa, repairs ended up costing more than anticipated. The pool itself was drained and relined because small depressions were forming on the bottom of the pool. The cost for relining the pool was \$18,062.39 (approved cost). Cracks were appearing on the concrete slabs surrounding the pool and spa. Initially two leaks were detected but more were subsequently found. The PVC pipes had developed a lot cracks and leaks as they were some 30 years old. The pipes were replaced at a cost of \$9,108.66 (expense not anticipated). After leak repairs were completed pavers were

placed around the pool and spa instead of concrete slabs which will make any leak repairs much easier down the road. The new deck cost \$19,350 (approved at the previous Board meeting). However, concrete supports were placed around the pool to help prevent shifting, so the total cost for the new deck and concrete supports came to \$23,580 which was above the estimate. However, there are sufficient funds in the reserves and operating budget to cover this overage.

The renovations of the bathrooms at the pool have been completed. The final task was replacing the flooring at a cost of \$1,200 (previously approved). Last year the toilets and sinks were replaced and the bathrooms repainted.

Rental Program Report

Presented by Phyllis Marino.

Rental rates high season per week:

3 BR Ocean front - \$2,000
3 BR Lagoon view - \$1,700
2 BR Lagoon view - \$1,400

Rental rates off season per week:

3 BR Ocean front - \$1,600
3 BR Lagoon view - \$1,300
2 BR Lagoon view - \$1,200

Monthly rental rates (depending on season):

3 BR Ocean front - \$2,900-\$3,200
3 BR Lagoon view - \$2,500-\$2,800
2 BR Lagoon view - \$2,700-\$3,000

We need to decide what is off season and what is high season for our property.

To keep it simple, we might say that April 1 to September 5 is the summer season, and September 6 through March 31 is the winter off season. That is the way Colony Reef does it. Or we can break it up into three or four sections with different prices, but I think that can be confusing.

Summerhouse considers June and July to be their peak season. April, May and August are less expensive. September, October, November, and December are the least expensive. They don't list any weekly rates for January, February or March.

For their monthly rates, March is the most expensive, February is next, April and May follow February, then January and August. September, October, November and December are the least expensive monthly rates. I think this can be a bit complicated and confusing, especially when reservations cross into more than one month, but it is possible to do. Also, a couple of places rate their units and charge according to the amenities in each one. I think this can become very subjective and cause problems between the owners and management.

Please give some thought to what we would consider our on and off seasons.

When looking at these rates, please understand that I have tried to consider several things. I checked out websites from Summerhouse, Ocean Gallery, Spyglass, Colony Reef Club, Four Winds, and St. Augustine Ocean and Racquet Resort.

While raising our rates, I also took into the consideration that there are many two bedroom condos on the beach and that in order to stay competitive we shouldn't raise those too much.

Another recommendation I have is that we raise the reservation fee to \$55. A reservation fee was initiated in 2014, but then dropped.

Please check out the websites I mentioned so that we can have a productive discussion at our meeting concerning what our rental rates should be going forward.

An owner who rents his 3 BR oceanfront unit suggested not raising rental rates too much in order to avoid discouraging some renters from coming to Sea Winds. There was support for this position on the Board.

Jane Hartman asked the rental committee to follow up with recommendations.

Security Report

Presented by Carl del Rosario.

Based on a recent training session for Board members of home owner and condo associations, the speaker advised against using the word "security" in any signs or documents. The Association could be held accountable for improper or non-existent "security".

Other Business

Carl del Rosario, who heads up a committee looking into our insurance needs and coverage, pointed out that the Association's wind mitigation study needs to be updated. The last one was undertaken in 2008. The Board voted unanimously to approve a new one at a cost of \$1,800.

Sea Winds Insurance Coverage:

1. The Sea Winds Declaration of Condominium states, among other things, specifies which items are covered by the Sea Winds Condominium Association in the case of a catastrophic event. The document was written in the 1980's at the start of the association. Insurance coverage secured by the Association is based on the most recent property appraisal. Coverage discrepancies between the Declaration and the appraisal are due to legislative changes. The legislative changes overrule the Declaration of Condominium.
2. Sea Winds Declaration of Condominium, Article VII: Maintenance, Alteration and Repair, Section 1, lists the responsibilities of the Association to replace and repair (including but not limited to) unit exterior and boundary walls, floor and ceiling slabs, load bearing walls, patios, balconies, railings, exterior fixtures, conduit, ducts, plumbing, wiring for the furnishing of utility services to the units.
3. In the latest Sea Winds appraisal (March 2015) the buildings are appraised for the purposes of Hazard Insurance and National Flood Insurance. They list both owner and association responsibilities in the building inclusions.
4. The hazard insurance appraisal (page 46) lists the association as responsible for everything listed in the Declaration of Condominium plus interior wiring, insulation, plumbing, interior walls, bathtub, shower enclosure, sink, commode and HVAC.
5. The national flood insurance appraisal (page 47) is even more inclusive in that the association is responsible for everything listed in the Declaration of Condominium and the hazard appraisal plus wall and floor coverings, all appliances, electrical fixtures, cabinets, countertops, window treatments, and water heaters.
6. Owners should familiarize themselves with the latest appraisal limits and coverage and choose their own private insurance coverage accordingly. All of the documents are available to owners at the Sea Winds website.

Adjournment

The meeting adjourned at 12:33 PM.

Submitted by:

Nigel Smith, Secretary