

SPANISH KEY ASSOCIATION BOARD MINUTES
New phone #- 7127705505

08/20/19 10:00 CST

The meeting was called to order by Steve Rozich, President. In attendance by conference call were all Board Members: Steve Rozich, Read Diket, Cindy Kessler, Sam Schreiber, John Campbell, Rex Hiatt and Robert McCorkle. Sherman Hopkins and Liz Von Bergen were on site. Quorum was established by Liz Von Bergen, Administrative Assistant to the board.

Proof of Notice of Meeting Posted 48 Hours in Advance. Liz confirmed she provided proof of notice of meeting that was posted on Friday August 16th.

Approval of Previous Board Meeting Minutes dated April 11, 2019. Motion presented to approve the April 11, 2019 minutes from Rex Hiatt and seconded by John Campbell.

Financial Statement 12/31/18 & Audit 2/28/19

Sam Schreiber covered 3 items: Operating funds capital account continue to be negative, last year auditors expressed concerns about the negative balance for the second year in a row. Sam expressed the need to have a plan by the end of this year. Spanish Key association has accrued a credit in the ECUA of \$26,000, this will help, but still there is the issue from an ongoing perspective. We need a solution. The expenses are pretty much in line, except the fire protection and pool/spa supplies accounts are over budget. We are lower in personnel costs, but up in benefit cost. The Association needs to hold expenses down, but there is not much marginal room. Receivables from Homeowners are probably in the best shape they have been in in 15 years- no delinquencies, with credits on hand. We have managed the problem with unit 205. Treasurer advises seeking a solution for Operating funds capital account. Spanish Key Association has \$800,000 in cash in reserves and insurance funds. Now the building is getting older and maintenance work will increase. The elevator contract is another concern that needs to be addressed.

Cindy asked Sam for his recommendation on how to fix issue. Sam wants to know other Board members thoughts because there are not a lot of choices. Sam and Steve brought up getting a deductible every year and premium accumulated as a

“rainy day fund”. Sam doesn’t want to touch reserve fund, rather use money in insurance fund to make a transfer and be done with the operating problem. Need to be watchful when doing 2020 budget. Some discussion among group as to potential ways to address operating fund needs. Reminded board that dues were raised \$25 for this year, and that the reserve fund need was met through a \$2000 assessment directed to that account.

Sam suggested that we find out what other condominium dues are now, however we have done that recently. We should determine if other condos have their water and sewer expenses increasing like Spanish Key’s. Cindy Kessler asked if a meter could be placed at the building to determine if water actually reaching us or are leaks still in play. We collect about \$150,000 for the insurance, with premium \$138,000 this year and remainder going into rainy day account. Other thing that continues to affect utility costs is the water/sewer/waste management contract. Historically, Spanish Key never had issues with water/sewer/waste management, but now the provider has gone “through the roof.” We are about \$15,000 over budget on water. ECUA will be giving a credit which should help. Water meter is difficult to read and Sherman advises that it is hard to determine if it is correct. Service is under ground, but we could put in another meter. Sherman checked with other condominiums and everyone is suffering, not just us. Whatever water bill is, they multiply it by 3 for the waste portion. To wrap up, Sam’s threesome: the two primary budgetary items are capital account and need to start thinking about beginnings of next year’s budget.

Landscaping; Rex Hiatt. Palm tree shaping will be conducted under the landscaping contract and debarking as a separate charge of \$250. Flowers that are overgrown or faded will be replaced at entrance areas this week at no cost. Previous board approved putting plants around pool equipment which has not been done yet, but Jubileescape will get it completed soon. John noted that he has seen a notice on TV that palms in Florida were dying due to a disease. The disease is called Lethal Bronzing, it causes trees to die quickly.

Maintenance; Sherman: had to replace the motor for hot tub to improve circulation of the water. Heaters are doing great. Six motors run continuously in common area for pools and so forth, so not surprising to see a part failure. Our equipment is doing better than expected life spans. A request for a refund from Waste Management Company has been written and we are awaiting response.

Sherman spoke with them and they do not realize we have 4 containers, thought we had 2.

An elevator inspection from Thyssen Krupp is late again. Elevator certificate expired in mid-August. A detailed list of tardiness and things not working right is underway. Contract runs until September, 2020 and requires advance notice for non-renewal. SK has good records and notes, but has not officially noticed firm of issue list. One issue is that the elevator company was given a deposit to take care of an issue that was never done. Company did reimburse the deposited amount to SK. There are other elevator company options, but outside counsel (Suzanne) reviewed contract, and she determined Spanish Key can't break it. Time limits, inspection done need to be documented, with a detailed list (lateness, tardiness, fixes, etc.) or written formal notice with timeline. Contract expires next September, and Spanish Key has to give them a month in advance if we don't renew contract. We never kept list of things they didn't do, so it's hard to break contract. Steve confirmed that this process will be done from henceforth.

Sherman reported that an estimate for fencing the east and west sides of the parking lots was bid by two companies, from Tornado Fence company and A-1 Fence company, with A-1 being cheaper. Bid information was sent by email during meeting to officers. There is 200 ft of fence on either side of building, plain wood privacy fence, wood completely on one side, total of 400 feet- \$6,320 for both sides east and west. The estimate is for 200 feet per side for a total of 400 feet. For a wood fence the estimate is \$6,324 and for a shadow box, the estimate is \$6,888. Cost for a vinyl fence is \$14,300 and for aluminum is \$13,750. Sherman wouldn't recommend vinyl. Sam likes the shadow box recommendation; this product has been approved by prior boards. The motion was made by Read and seconded by Rex; board voted for the wood shadow box type to be installed on the west side 200'. Steve informed us through feedback from a SK owner that the east side property next door has been purchased and understood to be a single rental residence. This is a plus for us and will limit traffic flow through our gate. It was decided to wait on fencing for east side but do west side as long as price is the same.

Steve requested we update Spanish Key Rules and Regulations sometime between now and October. We need to identify the things that need to be

changed if Board agrees to do so and what needs to be approved by the homeowners. Some issues are:

- Minors (under 12) must be supervised in common areas, including ALL areas of Spanish Keys not just pools.
- No smoking on property (common areas and balconies of units). Sherman reports that maintenance has found cigarette butts outside doors, hallways and in general all over building this season. Sam asked, if someone were sitting on a back balcony, is that in violation of this rule? Does non-smoking distinguish between cigarettes and cigars?
- Board approval needed for major repairs made by owners. Suggest different timing and manage equipment on balconies. Suggest restricting renovations on units to the off season, staying away from heavy noise like tile work except during certain times.
- Sherman needs to be notified before things are done to building. We experienced an Owner that renovated their unit during busy time (April-June) which was a constant noise nuisance both inside and at the pool deck due to the unit's location on a lower floor (noisy work needs to be done Labor Day to April or whatever dates we want to include).
- Requiring storm shutters on units, with phase in period—need to avoid sheet rock damage from storms, and building already over 68% have storm shutters.

In the general discussion that followed: Sam and Read were in favor of the phase in of storm shutters. Steve requested that smoking and storm shutters be a priority on the list. Also discussed was replacing remaining bedroom windows on south wall with single pane, at owner expense (note that the wind value of replacement windows meets current code, but old windows do not). Also, board members considered suggestions for cleaning windows. Sherman is looking at prices to replace all windows at one time to provide a discount for owners. Do we need to require seven-day rental minimum for peak season periods? This change is an agenda item for homeowner meeting.

Owners should be financially responsible for any damages by their guests or renters to common areas.

Liz said the First Notice of the Annual Board meeting was sent on August. Cindy reminded that we need to have a quorum for the annual meeting. The record also needs to reflect that the board approved Robert McCorkle to fill vacant board position in July 2019.

Steve asked about Owner Meeting party entertainment and Sherman will check on band. Steve requested that the board work on budget numbers and suggestions for the annual meeting.

Sherman stated that the SK fence across the street needs to be repaired due to damage. A-1 can repair for \$1,250. Motion made by Read Diket and seconded by John Campbell to mend fence in overflow lot that was damaged by firemen during the recent fire across street, and some rotten wood. Cost \$1250 was unanimously affirmed.

With no further business, the meeting was adjourned at 10:58 AM CST.
Respectfully submitted by Cynthia Kessler, Secretary of BOD