

Sunset Harbor Resort Condominium Association, Inc.

Board of Directors Meeting

February 15, 2024

A regular meeting of Sunset Harbor Resort Condominium Association, Inc. Board of Directors was held on February 15, 2024, via Microsoft Teams hosted at Hyatt Vacation Club at Sunset Harbor, 200 Sunset Lane, Key West, Florida 33040.

Present from the Board of Directors were: George Detsis, President; Marilyn Gordon, Vice President and Treasurer; Don Heisler, Vice President; Jim Drum, Vice President and Secretary and Rick Lohr, Vice President

Present from HV Global Management Corporation, representing the Management Company, were: Adam Baraniewicz, General Manager; Bill Whelihan, Vice President, Resort Operations; Rey Martinez, Area General Manager; Fabian Garcia, General Manager; Brandon Weilenmann, Assistant Vice President of Finance; Holly Snyder, Regional Director, Finance; Jonathan Doepke, Director of Corporate Operations; Florence Khoo, Assistance Vice President of Architecture and Construction; Zafera Aaron, Manager, Association Management; and Lisa Bythwood, Board Relations Specialist, Association Management

CALL TO ORDER

George Detsis, President, called the meeting to order at 9:06 a.m., Eastern time.

ESTABLISHMENT OF QUORUM

Mr. Detsis announced with all Board Members present, quorum was met.

APPOINTMENT OF RECORDING SECRETARY

Mr. Detsis appointed Lisa Bythwood to serve as Recording Secretary.

PROOF OF NOTICE OF BOARD OF DIRECTORS MEETING

Notice of Board of Directors Meeting was provided via email to Board Members on December 21, 2023 and posted onsite as required by the Association documents.

APPROVAL OF AGENDA

A motion was made by George Detsis to approve the agenda as presented. The motion was seconded by Marilyn Gordon and unanimously carried.

APPROVAL OF PREVIOUS BOARD OF DIRECTORS MEETING MINUTES

- Mr. Detsis reviewed the minute review process
- The Management Team verified the correct version of the minutes was distributed the Board as of February 14, 2024 at 5:49 pm and includes an update to the Reserve Study motion on Page 7

A motion was made by Marilyn Gordon to approve the October 17, 2023 Board of Directors Meeting Minutes as presented as the final version on February 14, 2024 at 5:49 p.m. The motion was seconded by George Detsis and unanimously carried.

RESORT OPERATIONS UPDATE

Mr. Garcia presented the resort operations update. Highlights included:

- 2024 Projected year to date occupancy is 99.6%
- Guest satisfaction results were reviewed
- Property update
- Landscaping update
- The Management team addressed the Board's inquiry regarding the opt-in feature for literature including guest survey and explained spam filters at times can prevent delivery of owner surveys via email.
- Branding is currently working to format a survey to be distributed at check-in and is anticipated to be ready in March or April 2024.
- Mr. Lohr suggest that guests are asked at check-out if they would like to submit comment card.

- Concerns regarding the new printer options, iPad timing and security were addressed
- Mr. Detsis stated that the 26 units painted in 2023 and the power wash and staining of the 1st floor were reserve items that required Board approval and expressed concern that the Board was not made aware until the projects were underway.
- Mr. Martinez clarified painting of the entire unit is a reserve project, however painting scuffed units falls under operations and stated although only the bedrooms or studios in the 26 units were painted and not the entire unit, it should have been communicated if additional expenses were associated. He also stated power washing and staining the decks is operational and not related to the deferred maintenance on the decks.
- Both operating projects could have been better communicated, moving forward any overage will be communicated to the Board.
- Mr. Martinez re-stated there was no intention to start a reserve project without Board approval.

FINANCIAL UPDATE

Holly Snyder provided a financial update. Highlights included:

Year End 2023 Unaudited Financials

- As of December 31, 2023 the Operating fund balance was at a deficit of (\$155,267)
- Key Operating variances:

○ Contra maintenance fee revenue (bad debt)	(\$51,237)
○ Operating investment interest	\$41,070
○ Repair and maintenance overage	(\$19,653)
○ Housekeeping overage	(\$89,967)
○ Income tax overage	(\$31,078)
- Mr. Martinez and Mr. Weilenmann addressed the Board's concerns regarding the current deficit, delinquencies, housekeeping as well as income tax overage. The Board was assured the Management Team will continue to distribute monthly reports to the Board.

New Action Item

Mr. Weilenmann will set up a meeting with Ms. Gordon to discuss operating investments

Accounts Receivable/Delinquency Report Review

- Currently 2% of 2023 maintenance fees remain unpaid compared to .7% over last year
- There were 11 foreclosures and deeds in lieu completed year to date in 2023

Club Fee Update (On-going action item)

Mr. Martinez provided an update on the Club fee. Highlights included:

- Board's request to combine Club fees for multiple owners is still under review
- Mr. Detsis stated a graded approach should be used for multiple week owners instead of full fee for each week owned

Portfolio/Split Week Fee Update (On-going action item)

Mr. Martinez provided an update on the portfolio and split week fee. Highlights included:

- The Board's request for the portfolio and split week fee increase has been forwarded to the Club for consideration
- The Board expressed concerns regarding wear and tear by portfolio and split week reservations, therefore the portfolio and split week fee should be increased.
- Mr. Detsis commented the Club Fee and Portfolio and Split fee has been under review for two years
- Bill Whelihan noted the Management Team will push hard for resolutions and will report back to the Board at the next meeting
- Don Heisler provided an overview of resales and requested a monthly COA owned inventory list

New Action Item

Mr. Martinez/Mr. Garcia will provide monthly generated report to Don Heisler as to what the management company believes the association owns (COA Inventory list)

DESIGN REVIEW

Florence Khoo presented the design review. Highlights included:

- Design and materials were shared with the Board Representatives on January 29, 2024, some of the fabrics were in need of reselection
- Overview of living room, dining room and bedroom concepts
- Scope items to be revised included bar chairs, dining chairs and banquet will remain as is, there will be no new upholstery, new tabletop surface will be added to current dining table
- Ms. Khoo restated the Board will need to make some selections in order to obtain estimates
- Mr. Martinez stressed to obtain bids the Board will need to move forward with a design concept
- Ms. Khoo explained process and steps for the requested revision in response to Ms. Gordon concern regarding length of time for revision of couch arms
- At the design committee's request, the items of focus are the sleeper sofa, coffee table, window treatment and side chair, and bedroom flooring.
- The area rug is on hold at the direction of the Board, pending a response from the Management Company

UNFINISHED BUSINESS

Roof Update

Ms. Khoo provided the roof update. Highlights included:

- Design documents and specification were sent to five General Contractors
- Gulf Southern Construction and Sustainable Roofing were selected for final considerations
- Sustainable Roofing's bid was \$2,043,000; however they do not meet RJH technical requirements
- Gulf Southern is recommended at a bid of \$2,343,385
- Mr. Lohr stated he would like to see the inspection report and speak to the insurance company and find out if they will accept a roof repair vs. roof replacement. He also stated it is necessary to have onsite project management with safety experience.
- Mr. Martinez stated the inspection report was sent to the Board within the last couple of days and the opinion from Zurich was resent to the Board. The Board previously inquired about potential for another consultant, the goal over the next two months is to get not any due diligence

Railings Update

Ms. Khoo presented an update on the railings. Highlights included:

- Building 5 railings install is completed and inspected
- Building 4 completed and inspected, Building 3 is pending completion
- Tracking to complete remaining Buildings 1 and 2 by end of March 2024
- Mr. Lohr and Mr. Detsis expressed safety concerns regarding the railing project
- Mr. Martinez stated the Management Company will send the Board full documentation of current project, highlighting the Association and Management Company's layers of protection, areas of responsibility
- Mr. Lohr asked that the Management Company add that the Board be assured what is being purchased is what is being performed

Elevator Modernization Schedule Review

Ms. Khoo provided an update on the elevator modernization and schedule. Highlights included:

- TKE is scheduled to install August 2024 through 1st week of November 2024
- Approved budgeted amount is \$435,574 (including contingency)

Status of Canvas Awnings

- Mr. Garcia stated after working with one company for a year, a bid was obtained from a new vendor for \$12,147, which is in line with the budgeted amount and as soon as the required documentation is provided from the vendor the law department can draw the contact.

Pool Lighting Update

- Mr. Garcia stated he is currently working with a current vendor to complete the pool lighting features.

Guest Comment Card Review

Mr. Garcia and Mr. Martinez provided an update of the guest comment card.

- A rough draft of the guest comment card is ready and as soon as the brand version of the draft is ready it will be sent to the Board

New Action Items

- Mr. Martinez will provide a copy of the Management Agreement to the Board and request bullet points if available
- Mr. Martinez stated the Insurance documentation was sent to Mr. Lohr and Mr. Detsis today

NEW BUSINESS

Maintenance Fee ARDA Donation Clarification

- Mr. Martinez stated the Management team will look into owner's challenges with opting out of the ARDA donation and during the April meeting Management will present to the Board what the owners see on the opt-out form and will present any opportunity to update the process, as well as information regarding ARDA benefits

Announcement of Next Meeting Dates

- April 9, 2024 at 9:00 a.m. – Board Meeting
- August 20, 2024 at 9:00 a.m. – Board (Budget) Meeting
- October 22, 2024 at 9:00 a.m. – Board Meeting
- October 22., 2024 at 1:00 p.m. – Annual Meeting
- October 22, 2024 at 2:00 p.m. – Organizational Meeting

ADJOURNMENT

There being no further business to come before the Board, a motion was made by Rick Lohr to adjourn the meeting at 11:13 a.m. The motion was seconded by Jim Drum and unanimously carried.

Submitted by:

Lisa Bythwood 4/10/24
 Lisa Bythwood Date
 Recording Secretary

Approved by:

George E. Detsis 4/9/24
 George Detsis Date
 President