

Sunset Harbor Resort Condominium Association, Inc.

Board of Directors Meeting

October 22, 2024

A regular meeting of Sunset Harbor Resort Condominium Association, Inc. Board of Directors was held on October 22, 2024 via Microsoft Teams hosted at Hyatt Vacation Club at Windward Pointe, Second Floor Lobby, 3675 South Roosevelt Boulevard, 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 Management Company were: Fabian Garcia, General Manager; Bill Whelihan, Vice President, Resort Operations; Rey Martinez, Area General Manager; Adam Baraniewicz, General Manager, Hyatt Vacation Management; Jon Dindo, General Manager, Hyatt Vacation Management; Brandon Weilenmann, Assistant Vice President; Finance; Holly Snyder, Regional Director, Finance; Florence Khoo, Assistant Vice President; Architecture & Construction; Joe Gamb, Associate Director, Architecture & Construction; Jonathan Doepke, Director of Corporate Operations; Lisa Trosset, Director, Association & Board Relations; Zafera Aaron, Manager, Association Management and Colleen Keane, Board Relations Specialist, Association Management

Owner present was: Steve Gordon

CALL TO ORDER

George Detsis, President, called the meeting to order at 9:03 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 Colleen Keane 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 November 30, 2023 and posted on site as required by the Association documents.

Notice was provided in the Lobby and included in the welcome package provided at check-in to any owner who was to be staying at the resort during the meeting.

APPROVAL OF AGENDA

Rick Lohr requested the Board have the option to move into Executive Session if needed. George Detsis agreed if necessary, but noted there may not be time permitting.

A motion was made by George Detsis to approve the Agenda as presented. The motion was seconded by Rick Lohr and unanimously carried.

APPROVAL OF PREVIOUS BOARD OF DIRECTORS MEETING MINUTES

A motion was made by Jim Drum to approve the August 20, 2024 Board of Directors Meeting Minutes as presented. The motion was seconded by Don Heisler and unanimously carried.

RESORT OPERATIONS REPORT

Fabian Garcia presented an update on resort operations. Highlights included:

- Introduction of new front office manager
- Forecasted 2024 occupancy is 95% as compared to 92% in 2023
- Overall Guest Satisfaction is 77.4%
- Villa Cleanliness is 82.5%

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- Problems Experienced is 27.8%

Jonathan Doepke continues to research Guest Satisfaction Surveys and how they are filtered for guests

FINANCIAL REPORT

Holly Snyder provided a financial report. Highlights included:

Year-to-Date Financials

- 2023 audited beginning year Operating Fund balance was (\$62,549)
- 2024-year end estimated Operating Fund balance is \$72,586
- Key Operating variances:
 - Housekeeping - \$124,393 savings driven by cut in contract labor and utilizing in house labor instead; this surplus will erode in Q4 with maintenance week & peak occupancy
 - Repair and Maintenance - \$20,621 driven by landscaping not being utilized and supplier rebates
 - Insurance - \$19,684 savings driven by higher property insurance budgeted than materializing
 - Credit Card Expense - (18,345) driven by timing of lockbox credit card fee invoices

Accounts Receivable

- Currently 1.54% of 2024 Maintenance Fees remain unpaid as compared to 1.33% over last year.
- There are currently 15 units designated for final foreclosure in Q2. These had liens filed on 5/29/24. There was sufficient time to have these reach final foreclosure in 2024 and at the very least Q1.
- A total of 11 Foreclosures and Deed in Lieu of Foreclosure were completed in 2023
- Year to date 2024, 12 Deed in Lieu of Foreclosure have been completed

Ms. Gordon reiterated that she would like to see a timelier foreclosure process. The Board discussed several concerns surrounding the foreclosure and resale process. The Management Company will research if foreclosures can begin to be processed on an earlier basis. Further discussion and implementation of guidelines will be discussed in the February 2025 Board of Directors meeting.

2025 Proposed Budget and Maintenance Fee

Ms. Snyder reviewed the Proposed 2025 Budget and Maintenance Fee and Reserve cash flow.

Brandon Weilenmann noted the potential bad debt exposure that could add to approximately \$150,000 in bad debt expense at end of year. This is currently not accounted for within the forecast and would bring the Association into deficit.

Ms. Gordon noted this is an example of needing foreclosures to be processed in a timely manner.

Mr. Heisler noted that this proposed reserve increase will be the last increase he will support and is in favor of stating they need to balance the books using a special assessment if needed.

Mr. Drum asked if the Board can have actuals for the last five to seven years on the reserve cash flows as well as the current projected numbers.

A motion was made by George Detsis to approve the 2025 Sunset Harbor Resort Condominium Association, Inc. assessment budget, as presented by the Management Company, in the total amount of \$5,328,415, including each line item of such budget, and move to direct the Secretary of the Association to include such budget in the records of the Association and attach to the minutes of the record as Exhibit A, which budget includes total Operating Fees of \$3,707,788, and Reserve Fees of \$1,620,627. The motion was seconded by Jim Drum and unanimously carried.

RESERVES

Mr. Garcia provided a reserve update. Highlights included:

2024 Reserve Projects

- Eight projects have been completed and seven remain in progress including the elevator hydraulic systems, roof replacement and rooftop compressors

2025 Projects

<u>Projects</u>	<u>Budget Expense</u>
Patio furniture	\$115,000
Villa phones/telephone headset	\$19,642
Refurbishment of villa and vinyl flooring	\$1,366,442
Pool water heaters	\$21,768
Guest computer and printer	\$4,674
Fire sprinkler/Reserve Study/UL5	\$48,556
Infrared Inspection UL2/Lighting Protection System Evaluation Inspection of balcony	
Property Management System (PMS)	\$133,748
Replacement of roof	\$2,211,550 (approved \$2,008,166)
Rooftop compressors	\$10,113
Thermostat	\$42,931
Unit water heaters	\$32,091
Install telephone VoIP	\$110,145
Maintenance of wood deck SIRS	\$26,225
Total:	\$4,142,883

- Fire alarm system and exterior paint and sealant projects have both been moved to 2025
- Three patio furniture options were presented: the Board selected option number two
 - Ms. Gordon and Mr. Garcia will coordinate to select colors
- Ms. Gordon requested a reconsideration of purchasing a coffee table at this time as it will be the only piece of furniture in the living room which will be white distressed look; all other pieces are dark brown; coordination is lacking; the coffee table had originally been selected as an aqua/turquoise, not blue
- The Board reaffirmed that they do not want a rug of any sort in the living room noting that the area rug line item needs to be removed from the project scope in the amount of \$38,000
- The Board requested more information on the Property Management System before committing
 - Bill Whelihan stated the Management Company is still working on finalizing vendor selection and the system will be non-proprietary, and cloud based. The club is funding the development of the system
 - Mr. Whelihan noted implementation is likely to be 2025 but could be 2026
- The Board decided to remove the Property Management System project and area rugs from the 2025 project approvals

A motion was made by George Detsis to approve \$3,767,751 from the Sunset Harbor Resort Condominium, Inc. 2025 Reserve Fund, as included in the items listed above, minus the cost of the Property Management System (\$133,748) and cost of a living room rug (\$38,000). The motion was seconded by Jim Drum and unanimously carried.

Roof Project Update

Florence Khoo provided an update on the roof project. Highlights included:

- Permit request has been submitted
- Awaiting local city approvals

NEW BUSINESS

Termite Mitigation

Mr. Garcia presented the Board with treatment options for commercial drywood termites and subterranean termites. The Board decided to use Orkin's services for both treatments.

A motion was made by George Detsis to approve an additional \$31,000 from the Sunset Harbor Resort Condominium, Inc. 2024 Reserves Fund for termite drywood treatment as presented. The motion was seconded by Marilyn Gordon and unanimously carried.

A motion was made by George Detsis to approve an additional \$22,000 from the Sunset Harbor Resort Condominium, Inc. 2024 Reserves Fund for termite subterranean treatment as presented. The motion was seconded by Marilyn Gordon and unanimously carried.

Overview of Service Animal/Pet Policy Compliance

Mr. Garcia stated he can inquire if animals brought to the property are service animals and noted that if the animal is not a service animal, the owner/guest will be referred to the local kennel and charged a pet fee. Mr. Garcia shared that if an animal is a disturbance to others, staff will call the room and speak with the owner and/or guest.

Deed of Trust, Liens and Process

The Board stated no further discussion was needed on this topic at this time.

ARDA Pac Letter

Mr. Martinez discussed the ARDA PAC Letter that is to be sent with the Maintenance Fee billing and noted an owner must elect to opt in, rather than opt out, should they like to contribute. No action is required by the Board.

Corporate Transparency Act

Mr. Whelihan reviewed the Corporate Transparency Act. Highlights included:

- A letter from the management company regarding the Corporate Transparency Act was provided to the Board of Directors and contains links to resources from the US Department of Treasury to review.
- The management company cannot provide legal guidance on this matter, and the Board of Directors, and/or their counsel will need to determine if the association is in scope and required to file a Beneficial Ownership Information Report with the US Department of Treasury's Financial Crimes Enforcement Network (FinCEN).
- The deadline to register is January 01, 2025.
- If the Board of Directors determines the association is in scope and would like the management company to register the association, on their behalf, the Board would need to formally motion this, and each Board Member would need to provide their FinCEN number to Association Management by December 01, 2024.
- Once information has been submitted to FinCEN, there is an obligation to disclose any change of that information (i.e. newly elected or appointed officers, directors, or change in address) within 30 days through an amendment to FinCEN.
- There are significant penalties for failure to comply.

A motion was made by Marilyn Gordon to engage Association counsel to determine if the Association is required to file a Beneficial Owner Interest Report, pursuant to the Corporate Transparency Act requirements. The motion was seconded by George Detsis and unanimously carried.

Announcement of Next Meeting Dates

Tuesday, February 11, 2025 – Board Meeting

Tuesday, April 8, 2025 – Board Meeting

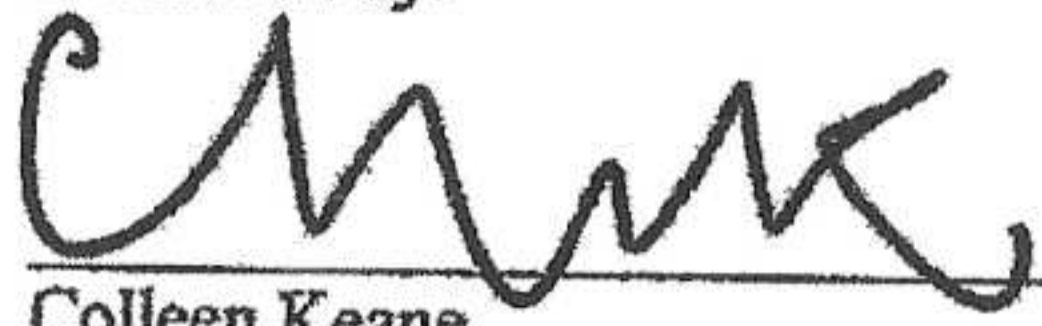
Tuesday, August 19, 2025 – Board (Budget) Meeting

Tuesday, October 14, 2025 – Annual Meeting and Board Meeting

ADJOURNMENT

There being no further business to come before the Board, a motion was made by George Detsis to adjourn the meeting at 11:54 a.m. The motion was seconded by Marilyn Gordon and unanimously carried.

Submitted by:



Colleen Keane
Recording Secretary

02.11.25

Date

Approved by:



George Detsis
President

2/11/25
Date