

Sunset Harbor Resort Condominium Association, Inc.

Board of Directors Meeting

February 11, 2025

A regular meeting of Sunset Harbor Resort Condominium Association, Inc. Board of Directors was held on February 11, 2025 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; Diane Gilreath, Secretary; Don Heisler, Member at Large and Dennis Thomas, Member at Large

Present from Management Company were: Fabian Garcia, General Manager; Bill Whelihan, Vice President, Resort Operations; Rey Martinez, Area General Manager; Jon Dindo, Incoming Area General Manager; 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, Corporate Operations; Kyle Lanke, Staff Accountant; Zafera Aaron, Manager, Association Management and Colleen Keane, Board Relations Specialist, Association Management

CALL TO ORDER

George Detsis, President, called the meeting to order at 10:02 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 22, 2024 and posted on site as required by the Association documents.

APPROVAL OF AGENDA

Mr. Detsis requested the following items be added under New Business: General Manager Summit Meeting and 2024 Financial Audit Report.

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

J.P. Doepke exited the meeting at 10:16 a.m.

APPROVAL OF PREVIOUS BOARD OF DIRECTORS MEETING MINUTES

A motion was made by Marilyn Gordon to approve the October 22, 2024 Board of Directors Meeting Minutes, as presented. The motion was seconded by Don Heisler and unanimously carried.

A motion was made by George Detsis to approve the October 25, 2024 Organizational Meeting Minutes, as presented. The motion was seconded by Marilyn Gordon and unanimously carried.

RESORT OPERATIONS REPORT

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

- Balcony furniture sample photos were reviewed and discussed
 - It was noted that according to more research by Risk Management, the proposed 36" table and proposed 24" bar stool pose safety risks and cannot be utilized on standard balconies
 - Changes made will include a table at 28" in height and chairs in 17" for height
 - Table will not have an umbrella hole in the middle
 - Furniture to be in place by 2nd quarter (8 weeks)

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A motion was made by Marilyn Gordon to approve changing the height of some balcony tables and chairs for the betterment of risk management and safety and further, to approve ordering the new patio furniture with new safety height requirements. The motion was seconded by Don Heisler and unanimously carried.

- Forecasted 2025 occupancy is 94.3%
- 2025 year-to-date occupancy is 98.5%
- Activities and events were highlighted including new offering, Aqua Aerobics
- Overall Guest Satisfaction year-to-date is 80.4%
- Villa Cleanliness is 82.2%
- Problems Experienced is 33.3%
- New, designated fire pit chairs have been ordered and will be placed around the fire pit. Price of the four chairs is \$375 per chair and is included with the new balcony furniture cost which is coming in under \$115,000
- Landscaping contract was briefly discussed, the association is currently in year 2 of the contract

FINANCIAL REPORT

Holly Snyder provided a financial report. Highlights included:

Year-to-Date Financials

- 2024 unaudited year-to-date operating fund forecast is (\$86,497)
- Key operating variances include:
 - Housekeeping – \$115,421 savings driven by reduction in contract labor as in-house delivering amenities
 - Insurance – \$47,782 savings driven by actual premiums less than forecasted
 - Income Taxes – (\$40,109) unfavorable variance driven by increased taxable revenues of resort fees, investment income and miscellaneous
 - Water/Sewer – (\$43,444) unfavorable variance driven by more usage and increased cost per gallon
 - Bad Debt – (\$199,061) unfavorable variance driven by accruing 100% of the outstanding receivables

Accounts Receivable

- December 2024 unpaid Maintenance Fees were 2.72%
- A total of 11 Foreclosures and Deed in Lieu of Foreclosure were completed in 2023
- Year to date 2024, 15 Deed in Lieu of Foreclosure have been completed

Delinquency List Action Plan

- 18 additional units are anticipated to foreclose and come back to the Association this year
- Mr. Heisler continues to work on resale of units

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 continues to research if foreclosures can begin to be processed on an earlier basis. Further discussion and implementation of guidelines will be discussed in the April 2025 Board of Directors meeting.

RESERVES

Mr. Garcia provided an update on Reserves. Highlights included:

2025 Reserve Projects

- 2025 Projects and Villa Refurbishment were reviewed

2025 Projects

<u>Projects</u>	<u>Budget Expense</u>
Patio furniture replacement	\$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 (pending approval)
Replacement of roof	\$2,008,166
Rooftop compressors	\$10,113
Thermostat	\$42,931
Replacement unit water heaters	\$32,091
Install telephone VoIP	\$110,145
Maintenance of wood deck SIRS	\$26,225
Total:	\$3,939,501

- Painting of the units was discussed. A decision on whether to do painting in-house or by the general contractor during maintenance week was placed on hold until the April meeting, for when a refined scope and pricing can be reviewed by the Board
- Villa refurbishment photos were reviewed with discussion focused on flooring, living room chairs, fabric color, coffee tables, wall colors and rugs
- Rey Martinez noted that certain adjustments to the refurbishment cannot be changed at this point
- Ms. Gordon noted the chairs are not new but are being reupholstered. The original approval was for new chairs costing \$650 per chair. Joe Gamb indicated the pricing structure would change to \$244 per chair since it applies to reupholstering, not new.

Action Item: Mr. Garcia will look at additional chairs that may need to be replaced and report back to the Board of his findings.

- Mr. Detsis asked for an update regarding termite mitigation
- Mr. Garcia shared that the legal department is attempting to connect with the legal department for Orkin regarding the contract and warranty

Roof Performance Bond

A motion was made by George Detsis to not move forward with the Roof Contingency Bond to maintain the overall original dollar approval and move \$62,000 out of the performance bond budget and into the contingency budget for the project. The motion was seconded by Marilyn Gordon and unanimously carried.

PMS System

- Bill Whelihan discussed the PMS System stating negotiations are still underway and he anticipated additional information such as the preferred system and cost to be available in the April meeting
- Mr. Detsis inquired if the cost would be considered as a variable with the number of units each resort has
- Mr. Whelihan shared there would be both a fixed cost and variable cost determined by the unit count

NEW BUSINESS

Bylaw Amendment

Mr. Martinez discussed a proposed bylaw amendment to the Board based on feedback. Highlights included:

- Staggering Board terms with an election held annually in 2026, with a 3/2 stagger
- The Board would need to work with Association Counsel to draft the amendment Rogel outside council
- The Board decided to revisit the topic in 2026
- Ms. Gordon was not in favor at this time as two new Board members were just elected and time is needed for their learning process

- Mr. Heisler shared he was in favor of the amendment noting that the Board shouldn't allow themselves to be in a position where all five positions could be removed at one time and notes he continues to be in favor of the staggered situation

Sunset Harbor 30-year Celebration Update

Mr. Whelihan shared that a celebration was tentatively planned for the late afternoon/evening of Monday, April 7 to commemorate the property. Additional details would be provided as they are determined.

Mr. Detsis inquired about an update from the previous Board meeting where Jonathan Doepke was continuing to research Guest Satisfaction Surveys and how they are filtered for guests. Mr. Martinez shared he would take that as an Action Item and would provide any new updates to the Board at next meeting.

General Manager Annual Summit Meeting

- Mr. Detsis asked "what new opportunities have been provided for Association deeded owners since the Management Company rollout of the Portfolio Program" given that the majority of the stakeholders are deeded owners.

2024 Financial Audit Report

- Mr. Detsis inquired if the same company is being used as in previous years
- Brandon Weilenmann noted the same company, Aldrich CPAs + Advisors, LLP is engaged for the 2024 Audit
- It is anticipated that Aldrich have a draft set of audited financials to the Board approximately May 11 with the Board then having a couple of weeks to review the draft and provide comments to the auditors. Mr. Detsis assigned Diane Gilreath and Dennis Thomas to work with Marilyn Gordon for consolidation of review comments on the draft audit report and coordinate these comments with the audit team leader.
- Mr. Weilenmann shared that multi-year contracts with auditors are not signed

Announcement of Next Meeting Dates

Tuesday, April 8, 2025 – Board of Directors Meeting

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

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

ADJOURNMENT


There being no further business to come before the Board, a motion was made by George Detsis to adjourn the meeting at 12:44 p.m. The motion was seconded by Don Heisler and unanimously carried.

Submitted by:


Colleen Keane
Recording Secretary

04.08.25
Date

Approved by:


George Detsis
President

4/8/25
Date