

Sunset Harbor Resort Condominium Association, Inc.

Board of Directors Meeting

August 19, 2025

A regular meeting of Sunset Harbor Resort Condominium Association, Inc. Board of Directors was held on August 19, 2025 via Microsoft Teams, hosted at Hyatt Vacation Club at Windward Pointe, 3675 Roosevelt Boulevard, 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, Vice President/Member Relations and Dennis Thomas, Member at Large

Present from Management Company were: Fabian Garcia, General Manager; Bill Whelihan, Vice President, Resort Operations; Jon Dindo, Area General Manager; Adam Baraniewicz, General Manager, Hyatt Vacation Club at Windward Pointe; Jason Jones, General Manager, Hyatt Vacation Club at Beach House; Rigel Valdes Marrero, Room Operations, Hyatt Vacation Club at Windward Pointe; Brandon Weilenmann, Assistant Vice President, Finance; Holly Snyder, Regional Director, Finance; Jake Hayward, Director, Finance; Kyle Lanke, Staff Accountant; Jonathan Doepke, Director, Corporate Operations; Ben Alexander, Associate Director, Association Management; Zafer Aaron, Manager, Association Management and Colleen Keane, Board Relations Specialist, Association Management

Guest present was: Steve Gordon

CALL TO ORDER

George Detsis, President, called the meeting to order at 9:00 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. The Agenda was posted in the lobby and placed in all arrival packets the Sunday prior to the meeting.

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 MEETING MINUTES

A motion was made by George Detsis to approve the April 8, 2025 Board of Directors Meeting Minutes, amended with Board comments updated to black text. The motion was seconded by Diane Gilreath and unanimously carried.

RESORT OPERATIONS REPORT

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

- Forecasted 2025 occupancy is 95.5%
- 2025 year-to-date occupancy is 95.3%
- Guest satisfaction scores
- Maintenance and upkeep projects

FINANCIAL REPORT

Holly Snyder provided an update on financials. Highlights included:

Current Financials

- Year-to-date operating fund deficit is (\$5,985).
- Key operating variances include:
 - Housekeeping – favorable variance driven by reduction in contract labor
 - Parking, Net – unfavorable variance driven by less parking fees from less rental occupancy year over year
 - Water/Sewer – unfavorable variance driven by increase in cost per gallon year over year and an increase in usage year over year
 - Bad debt – unfavorable variance as not budgeted

A motion was made by George Detsis to increase the nightly parking fee from \$35 to \$40 effective January 1, 2026 for transient guests. The motion was seconded by Don Heisler and unanimously carried.

Accounts Receivable

- As of June 30, 2025, 2025 Maintenance Fees were 1.69% uncollected
- Uncollected maintenance fees year-end 2024 was 2.72%
- 15 foreclosures and Deed in Lieu of Foreclosure were completed in 2024
- 10 Deed in Lieu of Foreclosure have been completed in 2025

Brandon Weilenmann will work to provide additional detail as to the current inventory and bad debt collection.

Reserve Update

Mr. Garcia provided an update on reserve projects.

A motion was made by Diane Gilreath to approve a not to exceed amount of \$164,970 as a new 2025 reserve project for balcony repairs due to the SIRS Inspection with the understanding that additional bids and project scopes are forthcoming and the amount approved is worst case scenario. It is further moved that the contingency funds will be reallocated from the roof line item. The motion was seconded by Dennis Thomas and unanimously carried.

A motion was made by Dennis Thomas to approve \$3,600 as a new 2025 reserve project for ATIS Elevator to perform their assessment. The motion was seconded by Diane Gilreath and unanimously carried.

A motion was made by Dennis Thomas to approve \$14,000 as a new 2025 reserve project to conduct the Matterport survey. The motion was seconded by Marilyn Gordon and unanimously carried.

A motion was made by Dennis Thomas to approve \$1,450 as a new 2025 reserve project to install a pool gate emergency exit. The motion was seconded by Marilyn Gordon and unanimously carried.

Proposed 2026 Budget and Maintenance Fee

Ms. Snyder presented the proposed 2026 budget and maintenance fees. Highlights included:

Key Drivers

- Occupancy budgeted flat to forecast
- Occupancy by year: 2024 Actual: 93.2% | 2025 Year-to-Date: 95.8% | 2025 Forecast: 95.5%

Inflation

- 2.5% inflation applied depending on the line item
- 2025 expense trend carried into 2026, except for specific items under contractual terms

Wages/Benefits

- Benefit Run Rate budgeted flat to 2025 budget at 41% (excluding contract labor)
- Housekeeping contract labor rate is budgeted down 37% to 2025 budget driven by the elimination of midweek cleaning service and operational efficiencies that have been implemented. The Management Company stated a guest could request a mid-week clean, however, there would be a charge to the guest.

Insurance

- Insurance mainly comprised of Property, General Liability, and D&O with some other categories
- Budgeted rate decrease of 24.2%

Utilities

- Electricity: down 13.8% to 2025 budget driven by actual savings and new energy saving thermostats
- 2024 Actuals: \$132.3K | 2025 Budget: \$167.2K | 2025 Forecast: \$144.4K | 2026 Budget: \$144.2K
- Water and Sewer: up 31.4% to 2025 budget driven by rate and usage trending up year over year
- 2024 Actuals: \$160.9K | 2025 Budget: \$128.5K | 2025 Forecast: \$174.6K | 2026 Budget: \$168.8K

Bad Debt Expense

- Removed from budget in 2022
- Bad debt up 100% or \$63.19 per unit week
- Dennis Thomas expressed concerns to the forecasted \$121,000 in bad debt at year-end 2025
- Ms. Gordon expressed concern that the bad debt is occurring due to delay in processing the foreclosure units and converting them to foreclosure sale for the Association to sell to prospective buyers.
- Jon Dindo said there would be a meeting scheduled with Ms. Gordon and Ms. Gilreath to discuss the foreclosure process.

Prior Year Surplus / (Deficit)

- Forecasting an Operating Fund Balance at Year-End 2025 of (\$121,005)
- July-December deficit forecast attributable to accruing bad debt (started in April 2025) for a total of \$125K; 2024 bad debt was ~\$140K)

Reserves

- Current version: Maintenance Fee reserve increase of \$270.11 per unit week, up 34% from 2025, to fund exterior building repairs and other planned reserve projects.
- The Board discussed the 2026 gazebo project, including defining which gazebo was being discussed (over grills or with swing), and requested more information on the cost, including a covering on one of the gazebos.

Property Tax

- Property tax paid in arrears (2026 budget recognized in 2025)
- Budget increase of 3%
- Ms. Gordon requested a copy of the TRIM notices. Mr. Garcia replied they had not been received to date. Ms. Gordon requested copies of the TRIM be forwarded to Board members when received.

The Board reviewed two cash flow scenarios noting one reflected a SIRS delay scenario.

The board requested a breakout of how much of the total proposed increase represents Structural Integrity Reserve Study funding, and how much of the total is represented by Non-Structural Reserves.

Ms. Gilreath requested a review of the calculation under the "Structural Components" line item for "Roof Replacement" as it does not align with the SIRS useful life and cash flow projections.

Jon Dindo shared it was the Management Company's recommendation to fully fund the SIRS requirements.

The board reviewed the presented list of "2026 Reserve Fund Projects" and discussed the ability to postpone and/or waive full funding of the non-structural component of the reserve funding.

A motion was made by Dennis Thomas to approve the 2026 maintenance fee billing schedule as follows: Maintenance Fee Billed on November 1, 2025 and Maintenance Fee Payment Due on January 1, 2026. The motion was seconded by Diane Gilreath and unanimously carried.

ACTION ITEMS

The Management Company provided updates on the action items, as attached to the minutes of record.

Mr. Garcia and Mr. Detsis reminded the Board that any emergent issues, outside of the approved annual budget, that have not previously been approved and that are over \$1,000 require approval from Mr. Detsis before Mr. Garcia can proceed accordingly.

NEW BUSINESS

George Detsis appointed Marilyn Gordon as Chairman for the remainder of the meeting.

George Detsis exited the meeting at 12:32 p.m.

2025 Proxy

The Board reviewed the agenda item 2025 Proxy prior to the Investment Policy.

The Board reviewed and discussed the proxy language as presented. The board agreed that the language needed to be modified to be less confusing and requested a review of the modified proxy language prior to owner distribution.

A motion was made by Diane Gilreath with the recommendation from the Board to vote "yes" to provide for less non-structural component reserve funding for the Association's next fiscal year. The motion was seconded by Dennis Thomas. Diane Gilreath, Marilyn Gordon and Dennis Thomas voted in favor of the motion. Don Heisler voted against the motion. The motion carried with majority voting in favor of the motion.

The Board reviewed the agenda item Designate Email Address of Proxy Tabulator prior to the Investment Policy.

Designate Email Address of Proxy Tabulator

A motion was made by Dennis Thomas to authorize the Management Company to designate an e-mail address for receipt of electronically transmitted ballots associated with the current third-party Proxy Tabulator, Sodali & Co., as long as this vendor is utilized for Sunset Harbor Resort Condominium Association, Inc. elections. The motion was seconded by Marilyn Gordon and unanimously carried.

Investment Policy

The Board reviewed and discussed the current Investment Policy. Mr. Thomas requested to review a Request for Proposal for solicitation of Financial Investors for Board consideration. Ms. Gilreath inquired about the previous investment provider and the current investment strategy. Ms. Gordon replayed the scenario prior that Wells Fargo was the Broker headed by the March Group. Ms. Gordon explained there was lack of good investment leaving large sums of funds in a money market; not investing for best yield. The March Group left Wells Fargo and the Board chose to remain with Wells Fargo as the investment strategy of the March Group was not in line with the Board. Ms. Gordon reiterated that Wells Fargo has provided excellent service and the reserve account has flourished since the change.

Dennis Thomas voiced his concern with Marilyn Gordon's involvement with the Investment Policy process,

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noting that he believes it is a conflict of interest and that the Management Company should be performing 100% of the work as this is a service already being paid for. He noted that Board Member's feedback on the investment strategy would be appropriate but no involvement beyond. Mr. Thomas requested Request for Proposal's be provided for Board consideration for alternate investment providers.

A motion was made by Marilyn Gordon to affirm the Investment Policy, as presented, and to be attached to the minutes of record as Exhibit A. The motion was seconded by Don Heisler and unanimously carried.

George Detsis rejoined the meeting at 1:28 p.m.

Announcement of Next Meeting Dates

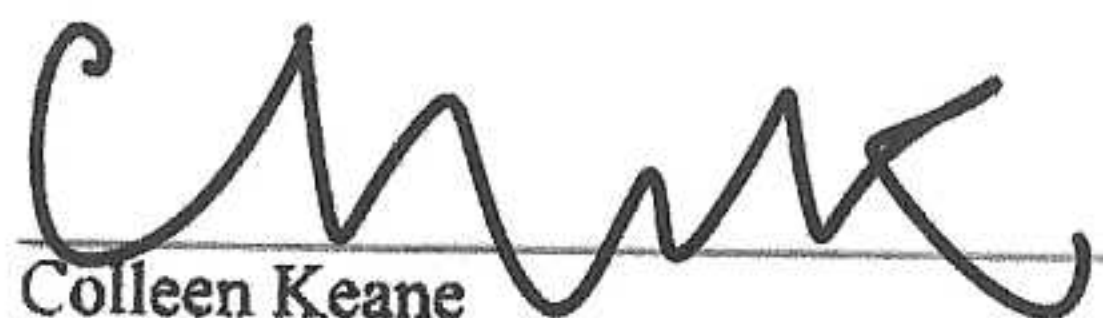
Tuesday, October 14, 2025 – Annual Meeting and Board of Directors Meeting

Proposed 2026 meeting dates were reviewed and discussed.

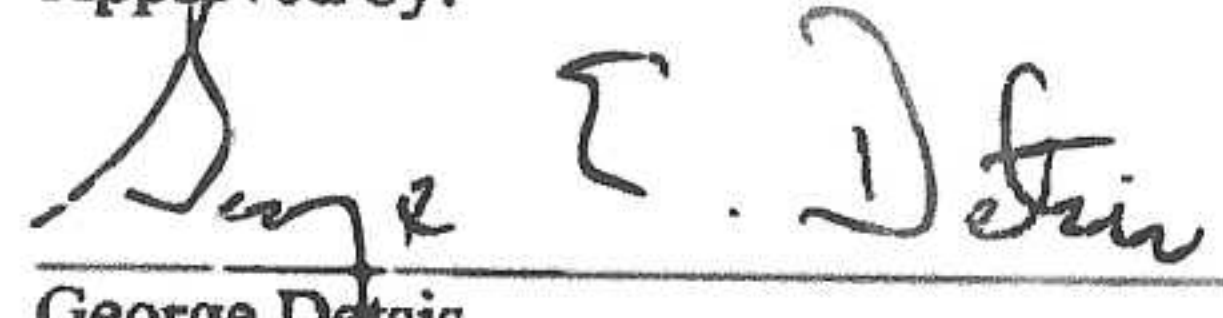
ADJOURNMENT

There being no further business to come before the Board, a motion was made by Dennis Thomas to adjourn the meeting at 1:49 p.m. The motion was seconded by Don Heisler and unanimously carried.

Submitted by:


Colleen Keane
Recording Secretary
10.15.25
Date

Approved by:


George Detsis
President
10/14/25
Date