

Sunset Bay Condominium Association
Minutes of the Members' Annual Meeting
Thursday, January 26, 2017

Call to Order: The meeting was called to order at 6:05 pm in the clubhouse.

Establish Quorum of Members: A quorum was met. Ninety-seven (97) proxies were needed to establish a quorum of members. A total of One hundred and two (102) owners attended (37 in person and 65 by proxy).

Approval of Past Annual Minutes- SCPM completed Annual Minutes from January 22, 2016. Lynn read the past minutes aloud for the membership. Jeanette made a motion to approve the minutes as typed, Dale seconded, and all were in favor.

Guest Speaker-Joe Harms with Wetland Management for Shoresox: Joe presented an excellent presentation verbally and by PowerPoint regarding the proposed contract to clean up the shoreline. His proposal included erosion repair and bank restoration services for approximately 1,000 linear feet of devastated shoreline. There are stages to the process, initial stage included cleaning up the downed trees and incorporating them, moving, and placing existing concrete stone along the shoreline and shaped the eroded shoreline to prepare for new soil. Just this cleanup process is priced at \$4,550. The next stage is the actual shoreline renovation with installation of 12-foot-wide sections of the ShoreSox material (burlap type material filled with organic soil compound, mulch of existing trees that are down, and soil matter, staked into the ground). The cost of this process is \$62,500. The final stage of the process is the planting on top of the ShoreSox system so that it is able to grow a root system to help hold everything in place. If Shoresox is hired to complete this last stage of the process, they propose putting in the following: 200-1-gallon Blue Flag Iris, 100-1 gallon Fakahatchee grass, 150-1 gallon Saltmeadow and/or Sand Cordgrass, Pine straw mulch of 700 bales, 5 pallets of Bahia grass (Diane stated that this grass is not saltwater tolerable and needed further research) and 50 yards of organic soil mix, all at a cost of \$14,025. Total proposal for shoreline restoration cost of \$81,075. The members and the Board were able to ask various questions and received great answers. Everyone in the room seemed to be in full agreement to move forward with this desperately needed shoreline restoration. There were some concerns over rain water not draining correctly towards the shoreline and this will be addressed at the time of the restoration. Joe adamantly requested that the seawall should be repaired prior to the commencement of the shoreline restoration work. Joe stated that once the work was approved, it would take two weeks before his company could start, then once started another 2-3 weeks for completion of project.

President's Message: Jeanette Schultz handed out copies of her President's message in writing to those that attended the meeting. She also requested that RDI put her president's message on the website because it had a lot of information included in it. Accomplishments achieved in 2016 were:

- Replaced former management company (SCPM) and Hired Reconcilable Differences.

- A new Roof was put on 600 and 400 buildings with Rock Roofing.
- All the gutters and downspouts on all the buildings were cleaned out and repaired as needed by Watertite Gutters.
- New Pool and landscaping contractors were brought in and are doing a good job.
- Mulch was placed in front of all the buildings and driveways.
- Irrigation company has been hard at work on the lines and pumps, with setbacks and vandalism, Automatic Rain is really trying to get the irrigation lines up and running successfully.
- New Lollipop lights and new lighting around the walkways.
- Several building walkways have been cleaned, sealed, and painted.
- New Gate system- Equipment installed.
- Camera system installed improving our security as a gated community.
- Repaired Dock area- in house- saving the owners thousands of dollars.
- Repaired Carwash area
- Repaired Cabana Bathrooms and walls - columns by pool.
- Key Reduction act – Everything opens with just one amenity key.
- Repainted sidewalks
- Tree root removal by 600 building that was damaging foundation.
- Replaced and repaired rotten posts at fitness area.
- Repaired and created drainage by 400 building and garages.
- Completed welding left unfinished by Southeast.
- Completed long list of unfinished items by Southeast.
- Took over maintenance and payroll for association Jan 1 2016. (also saving owners approx. 30K) Reconcilable Difference has taken over management of maintenance from the Board.
- Repaired safety and trip hazard areas
- Replaced our insurance carrier at a large savings to owners.

Lastly, Jeanette stated it has been their priority to research and get the best prices without sacrificing the quality of work. It has been our goal (management and board) to permanently fix issues and not apply band-aids to them.

Future things to look forward to for 2017 are:

- Replace the roof on building 300 and 900 at a cost of approximately \$80K
- Paint one or two of the buildings to seal the buildings and allow them to be waterproofed.
- Clean, seal and paint additional building walkways.
- Negotiating adding sod and new plants, once the irrigation is up and running, possibly will have to install a new deep water well.
- Repairing the 100 feet of seawall that is broken at approximately \$60K
- Repairing the rotted walls that were found in the 900 building
- Repairing the fence around the dumpster to make it higher
- Shoreline reconstruction (cost under negotiation at this time.) \$82K
- 400 Building Soffit Area.
- Address all new issues as they arise.

Update on Development Lawsuit: For an update on the active lawsuit with the developer.... Jeanette asked our Attorney Evan Small for an update for the membership, his reply is below:

“The case against the developer, general contractor, and subcontractors responsible for the negligent conversion of our community continues to progress. The last year was spent identifying the potentially culpable parties, getting them sued and served, and finding insurance coverage for them. Because they are mostly out of business, finding insurance coverage for each party was a critical first step because it increases the likelihood that a settlement and/or judgment is collectible. Then, we successfully defended against numerous motions to dismiss filed by the various developer and contractor entities. Moving forward, the Court recently set a trial date for May 2018, which is an aggressive schedule for a complex construction defect case. The parties are now engaging in discovery and we have disclosed our initial expert reports. We are in the process of attempting to schedule mediation for May. A mediation is a non-binding dispute resolution procedure where the parties meet to discuss the merits of their respective case. It is the most critical event in the case outside of trial, as it gives us the best opportunity to settle or at least begin the settlement negotiations”.

Financial Report: Michelle reported that as of December 31st, the operating accounts at Sunrise Bank and BB&T show a balance of **\$267,000**. The Reserve account balance at BB&T is **\$267,350**. Accounts Receivable are **\$34,500**. Year-to-date through December 31st, the association is \$50,668 under budget, so you all ended the year healthy. Jeanette stated that insurance was lowered by \$27,000 for 2017, saving a lot of money for the owners.

Collections: Michelle reported that there are four accounts that are in collections and need to go into foreclosure for nonpayment. One of the accounts in collection has a tenant, so the association is receiving monthly rents since September as they are past due. The other three accounts are vacant and are not responding to collections. Some owners have not realized or noticed that the changes for the monthly ACH occurred as of January 1st and so it will take a few weeks to get everyone back on schedule and paying properly. Should you have any questions about your specific account, please let the office know immediately. No payments should be mailed to BB&T account as this has been closed. All payments that are mailed must be accompanied by a coupon and mailed to Cape Canaveral to a PO Box. Owners can still set themselves up to pay monthly or automatically every month from our website: www.ReconcilableDifferences.net.

An owner asked what was the rental percentage within the community. Lynn responded that there is a 71% is rentals (137 units are rentals, 28 owners are owner occupied, and 27 units are second homes). There are three investors within the community, one investor owns 22 units, another investor owns 13 units, and the last investor owns 14 units. It is harder to get FHA or VA approved for loans due to one person owning more than 10% of the community, if the one investor sells 3 of their units, no one person will own a 10% within the community, which will help better chances for loans.

An owner asked about how much money was being put away into reserves and how does the operating money work in regards to projects. Jeanette stated that

each month the association transfers \$25,000 into the reserves account for future capital projects. The association is saving over \$300,000 a year for these large projects. The operating account can also help pay for projects and repairs throughout the year.

Unfinished Business:

An owner asked about more info on the lawsuit and Jeanette explained that the damages have now exceeded over 8 million and that the attorney is moving forward with things as a contingency of no payments unless they recuperate money for the damages. She felt confident that things are moving forward and is in the associations best interest.

Updates on Roofs, Seawall, and Shoreline: Jeanette reported that there are ongoing issues with Rock Roofing and the Board is seeking legal advice on how to move forward. There is a possibility of having to hire an engineer company to view the past work of Rock Roofing to identify the defects to help ease the exit of the long-term contract. Association attorney Frank Ruggieri is sending a legal opinion soon. Jeanette stated that they would like to hire Total Home Roofing who came in right after the hurricane and did some repairs to other roofs and seem to be very happy with their work. Once the attorney's opinion is received, the Board is hoping to continue with roof replacements of 300 building and 900 building. To date, the roofs have been replaced on buildings 800, 700, 600, and 400, leaving 5 roofs remaining.

Seawall: Lynn reported that the Engineer has completed the drawings, but she has been unsuccessful in being able to reach the original contractor who gave us a pre-engineer report proposal to validate his contract after the engineer drawings were completed. Lynn stated that she will put those drawings out to other Marine contractors to get other proposals for repairing the seawall. Per Dale's request, would like a minimum of three proposals.

New Business: Irrigation: Lynn reported that Jodi with Automatic Rain has been really working hard on the irrigation. He seems to get steps ahead, to be knocked down and go backwards. He reported that there was vandalism at the well by someone turning the water off to the well and allowing the pump to run all weekend and it was burnt up. Then someone kicked the shaft of the well which caused cracks in the shaft and will not properly pump water without having lots of seashells and sand in it, which then blocks the pumps up. Automatic Rain suggested that a new deep water well should be dug as this current well is not operable. Lynn received proposals with an approximate cost of \$3200. Jeanette reminded the membership to be vigilant within the community, report any type of suspicious activity to the management with date and times by email, text messages, or a phone call. The community has numerous cameras and will hopefully be able to catch and prosecute the vandals, but this will take the community to be on the watch. The Board will discuss the installation of the new well at their next meeting.

Open Forum-Comments & Discussion: An owner from the 800-building asked about the compactor area and what is going to be done to help hide the hideous sight of the compactor? Jeanette stated that the Board is well aware of

this issue and will be looking to place plants or shrubbery to help hide it, but with no irrigation, nothing can be planted right now. Brian will present plans to help build a fence around the compactor area as well for the Board to decide on.

An owner asked about the damages to the enclosed balconies and what was going to be done to help remedy this. Jeanette stated that the enclosed balconies are part of the development lawsuit and that they are working on resolving these, but repairs really can't be done by the association because there were defaults with the building of them. If owners would like to replace their sliding doors and/or install windows, the owners should submit their ARC form for Board approval beforehand. Some enclosed balconies don't have actual windows within their stacks, as they only have screen, which allows the elements inside the enclosed balconies. The Board has suggested to those owners with "open windows" to submit approval for install of actual windows to stop the intrusion of the elements.

An owner asked about the atriums outside their front doors in regards to landscaping and trimming those areas. Jeanette stated that Lynn would get with landscaping and verify that these areas are trimmed immediately. There was also a report of a dead tree in front of the 300 building and Lynn with get with landscaper about getting it removed as well.

Presentation of 2017 Board Members: Since only five candidates submitted their names as candidates for five vacant seats, there was no election. Lynn introduced the new Board in alphabetical order: Coral Bailey, Diane Dahmer, Dale Hartzell, Robert Moskovitz, and Jeanette Schultz.

Adjournment: With no further business to be conducted, Jeanette made a motion to adjourn the meeting, Coral seconded the motion and it passed unanimously. The meeting adjourned at 7:29 p.m.

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**Sunset Bay Condominium Association
Organizational Meeting Held immediately after the Annual
Meeting on Thursday, January 26, 2017**

Meeting Called to Order: Jeanette Schultz called the meeting to order at 7:38 pm in the clubhouse at 225 S Tropical Trail. Board Members present were: Jeanette Schultz, Coral Bailey, Diane Dahmer, and Dale Hartzell. In attendance by speakerphone was Robert Moskowitz and property manager Lynn Hiott. A quorum was established. Michelle Davis and Gabrielle Porter with Reconcilable Differences were present.

Appointment of Officers and Directors:

President: Dale made a motion to appoint Jeanette Schultz. Diane seconded the motion and it passed by unanimous voice vote.

Vice President: Jeanette made a motion to appoint Dale Hartzell. Coral seconded the motion and it passed by unanimous voice vote.

Secretary: Jeanette made a motion to appoint Diane Dahmer. Coral seconded the motion and it passed by unanimous voice vote.

Treasurer: Jeanette made a motion to appoint Coral Bailey with Jeanette helping for a short time. Diane seconded the motion and it passed by unanimous voice vote.

Director will consist of: Robert Moskowitz

New Business/Unfinished Business: A CPA is needed to be chosen for the 2016 financials for a review. Jeanette made a motion to approve Ron Cole who did it last year for a cost of \$1,900, Diane seconded the motion and it passed by unanimous voice vote.

Next Board Meeting: The next Board Meeting is scheduled for Thursday, February 23, 2017 at 6:00 pm in the clubhouse.

Adjournment: With no further business to conduct, the meeting adjourned at 7:42 p.m.

Respectfully Submitted,

Lynn Hiott, CAM #35322
Reconcilable Differences, Inc.