



Board Meeting Minutes

Date: December 01, 2018
Location: Errol by the Sea Condominium Clubhouse
Time: 10:10 AM

1. Call to Order

The meeting was called to order at 10:10 AM by President, Ken Rhodes.

2. Establish Quorum

There was a quorum at the meeting with 5 board members present, in person: Ken Rhodes, President, Larry Eriksson, Vice President, James Lacovara, Treasurer, David Hancock and Mark Hilborn, Director. Absent: Dale Fage, Secretary.

3. Proof of Notice

Sheila McCollum, association manager, stated that notice had been given in accordance with board direction and Florida statute.

Point of Order: Ken Rhodes addresses the group present in the clubhouse and on Webex that the annual packet was sent out two weeks before the meeting with the Instructions on how to fill out the proxy. The annual meeting packet has been the same every year, and the office should not have to call all the owners to get them to send back the proxy. Every time an owner receives a proxy they should do their best to return it to the office in a timely manner so their voice is heard. There are always 2 items on this packet for year end which includes the type of financial report & the IRS filing. The manager spent more the 40 hours of calling and chasing to get the Limited Proxy votes back for the material alteration, and there are many more projects she could be working on instead of chasing owners who do not read a proxy packet.

Mark Hilborn – Rental Committee Liaison discusses the changes to the Rental Program started 2 years ago by himself and the committee to have Errol be the Best Experience for both the rental owner and the renters. The rates have been benchmarked against our competition and should keep Errol very competitive. The committee has met with Sheila McCollum, Manager to review the position of the P&L and the impact that maintenance issues are contributing to the negative is most of the deficit. New policies should fix the majority of the issue, and we will all re-evaluate at the end of Q1 to determine what the Management % needs to be.

4. Election of Officers

- a. **Motion** by Ken Rhodes to appoint Ken Rhodes President. **2nd** Mark Hilborn, **Vote:** Unanimous.
- b. **Motion** by Ken Rhodes to appoint Larry Eriksson as Vice President. **2nd** Mark Hilborn, **Vote:** Unanimous

- c. **Motion** by Ken Rhodes to appoint Jim Lacovara as Treasurer. **2nd Mark Hilborn, Vote:** Unanimous
- d. **Motion** by Ken Rhodes to appoint Dale Fage as Secretary. **2nd Mark Hilborn, Vote:** Unanimous.
- e. **Motion** by Ken Rhodes to appoint David Hancock as co-chair of the maintenance Committee Liaison. **2nd Jim Lacovara Vote:** Unanimous.

5. **Approval of Minutes of Previous Board Meeting September 15, 2018.**

Motion by Ken Rhodes **2nd** by Jim Lacovara to approve the minutes as written. **Vote:** Unanimous.

6. **Treasurer's Report – Jim Lacovara**

- a. **AR balances** are the lowest since Sheila McCollum was hired as manager. We started with balances from over 100 owners owing some amount. We are down to the last 15. The 1/1/2018 balance in arrears was \$60,000.00 and it is down to less than \$10,000.00. Still we have several owners' who are habitually late, and late fees, interest, and Intent to Liens will be implemented and not forgiven.
- b. **Budget 2019** – The budget for 2019 is the same as 2018. The Reserve Study authorized by the board was performed by the Engineering firm of Dreux-Issac mid-last week and the initial inspection has been completed. The Official Reserve Study report will be presented to the manager & Treasurer by Mid-January for review. The Treasurer and Sheila McCollum intend to present a complete financial presentation to the ownership based on the reserve study results by the end of Q1. 2019 will see a change in the chart of accounts to allow better automated reporting of building maintenance expenses, rental program, and reserves from the accounting system.
- c. **Bank Balances are:**

TREASURER'S REPORT Balances as of November 28, 2018

ASSOCIATION OPERATION:

Total Association Funds 11/28	\$1,173,403
Total Association Funds 09/30	\$1,322,674

The decline is due to the work on the Pool Complex, and there will be additional payments out for the pool, roofs, and asphalt.

7. **Manager's Report**

- a. **Errol Meeting Calendar for 2019 – Please mark your calendars**

<u>Type</u>	<u>DATE</u>	<u>Projects</u>
Rental	02/23/19	
BOD	03/30/19	Reserve Study - Policies/Projects 2019
Rental	05/18/19	

BOD	06/29/19	Budget Prep
Rental	09/28/19	
BOD	10/26/19	Budget – Vote by Board
Rental	11/16/19	
ANNUAL	12/07/19	<u>Proxy due from membership within 2 weeks.</u>
BOD	12/07/19	Policies for next year – Rental, Manager

b. Office Closed

New Years	01/01/19	Tuesday
July 4th	07/04/19	Thursday
Thanksgiving	11/28/19	Thursday
	11/29/19	Friday
	11/30/19	Saturday
Christmas	12/25/19	Wednesday
New Years	01/01/20	Wednesday

c. PROJECTS UPDATE – We now have 10 years of construction in process at the same time on the campus in varying degrees of the process.

- i. **Fenestration** DONE – Two units are still having some water leaking through during heavy storms.
- ii. **Front Entrance** – Some Re-work is now complete with the pavers being replaced by the manufacturer due to an error on their part by mis-labeling several pallets with the wrong part number. The Re-work is at NO COST to Errol, but the front entrance is impacted for a week. Completion of sealing of pavers is TBD.
- iii. **PRIORITY A – POOL COMPLEX**

Many questions have arisen on this process, so this is a good time to review. This was not a simple refinish of the pool which takes 2-3 weeks, but a 50-year uplift & reconstruction of all the components:

The process plan is:

Material Alteration Limited Proxy approved
 Redesign pool for the next 50 years
 Empty pool
 Review the construction of how it was built
 Engineering 2-4 weeks
 Health Department 2-4 weeks
 County of Volusia Building Department 4-6 weeks
 Start the work.

Several items that were not expected during this process.

A week before the water was to be emptied 2 large cracks appeared in both pools in the same place! Additional Engineering & inspections.

The Pump House Roof – did not pass inspection and needed to be completely rebuilt. Additional Engineering, Health Department & County of Volusia Permits were required.

Shut down was 10/14/18 which had to be delayed a week due to engineering of the DE Field which is both broken and inadequate based on new requirements.

Another large question was how many voids are around or near the pool deck that we need to fill like the Ocean deck. Good news – there is 6"-8" of

concrete around the entire pool deck, and this should not be an issue around the pools.

The de-construct of the kiddie pool is going to be more difficult than expected because there is 12" of concrete there, but the engineer insists that the bottom MUST be taken out for the health of the Ocean deck pavers which are on top of sand.

Walkway pavers were planned to be done before the pool deck, BUT the 8x8 pavers that are needed for the pattern were not shipped by the manufacturer. We are still working with them to get the 8x8's and complete this. The cost of the pavers and the work were substantially less (50%) than the Ocean Deck pavers because the manufacture wants more business in this area. This is the only reason that the walkways were replaced at the same time as the pool complex. "Why do the work twice in a few years."

RAMP – A meeting was held on Monday 12/3 with contractors & a couple of owners to review the suggestions and determine what would work best as ramp material. We were told that the DEP "Department of Environmental Protection" is now only allowing a wood ramp to the beach. We also were advised that the ramp can only drop 1 inch per foot, and there must be a resting place every 30'. This results in 2 ramp courses down to the beach. Our engineer will confirm this information.

iv. PRIORITY B – Rental Program

The Board brought me on board to evaluate and update the rental program. There are 10 motions with this Board Packet to update the Rental Programs Policies & Procedures.

v. PRIORITY C – All the rest – will be done as time allows

Gates	IP – 30 day letter to owners, policy & procedures
Roof- Office weeks)	IP – In scheduling Early part of 2019 (move office for 2
Roof – Main bldg.	RFP – To schedule
Thresholds	IP - Maintenance
Parking Lighting	– additions
Elevators	DONE

There were 2 parts of the elevator renovations that needed to be done. The Electrical portion was executed while Tyler was here, but the Mechanical portion was not even evaluated until I came. It is the mechanical portion which was completed recently for an additional \$45,000.00 to bring the elevators up to the standard by the 3rd party elevator consultant. In addition, we are having Lightning protection added to the elevator boards and starter to prevent what happened to the South Elevator this summer/fall.

Tile Office	IP – Over Thanksgiving weekend.
Rental Program	IP – BOD Approved, Schedule Re-write of documents
Owner Maint.	
Garbage Enclosures	Scheduling
Parking Lot Rejuvenation & repairs.	Scheduling 4/28/19
Security Camera	FAILED
Pool Gates	FAILED

d. **Technology/Security**

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- i. All computers software was aligned, but one staff member still learning how to use.
- ii. I started a DropBox for new owners to get their documents, and this is working well.

e. **Owner Issues:**

- i. **Threshold Plates** – With all the other projects this has taken a back seat. We will be working on them during December.

f. **New Owners 2018:**

- 1. 106 02/22 Tommy & Denise Gray – related to Pelland (prior 501)
- 2. 408 03/14 David & Tina Smith
- 3. 316 04/19 Don & Kim Westbrook & Kate Ramsberger
- 4. 112 05/09 Cindy Norris – lives on-site
- 5. 512 06/19 Stan & Sue Smith – rental program
- 6. 410 07/31 Doris & George Walton – related to 112
- 7. 501 09/28 Jack & Tara Winters – long term renters who have recently bought.
- 8. 104 10/31 Adam & Tara Pastis – related to 101

g. **Long Term Renters:**

- 213 11/01 Carl Tolley & Shelly Miller – Background – clear credit and violations.
Owner - Tyler

8. **Unfinished Business**

- a. **Front Entrance Sign** – Has now been installed. Sheila McCollum will get additional lighting for the front of the wall after the pool complex is complete.

b. **Rental Committee**

- i. **Maintenance** – Large discussion on what is considered an Emergency vs non-emergency & Common Area vs Inside the unit. Sheila McCollum stated Emergency maintenance which includes responses for Fire, Running Water, Electric issue is included in every owners' monthly assessment. But for work like fixing the shower curtain, door hinges, and any other interior work is considered the owner's responsibility

- ii. **Rental P&L** – The rental P&L is in the red due to interior maintenance done at no cost to those owners. The Rental Committee has addressed this issue with the new policies to be put in place. I consider 2018 to be the year we discovered all the issues on the Errol campus for common area maintenance & the rental program, and 2019 to be the year we baseline all the new motions to determine the effect.

iii. **Policy Changes –**

- 1. **Motion 1** by Ken Rhodes, 2nd by Mark Hilborn to give notification to the owners with a courtesy phone call or text that office will proceed with the following:
 - a. Refrigerator/Air Conditioner >80 degrees – Local appliance rental company will be called to deliver a temporary refrigerator/air conditioner until the unit can be repaired or replaced by the owner within 2 weeks. The renter will be comped their daily rent amount for the number of days they were without.

- b. Any other Major Appliance – request will be sent to service and appliance fixed when the service person can. The renter will be comped 10% of rent for Major Appliances of Air & Refrigerator only.
- c. The owner will be charged \$40.00/hour for Errol Maintenance & Office time to intercede on the owner's behalf.
NOTE: (The competition's fully loaded rate is \$50.00/hour & travel time).

This motion was agreed to by the entire Rental Committee at their November 10, 2018 meeting.

BOD VOTE: Unanimous.

2. Motion 2 Rental P&L/Management Fee Increase by Ken Rhodes, 2nd by Mark Hilborn

- a. **The rental committee requests that the group** review the P&L after Q1 of 2019 to determine how the new rental policies help the P&L and determine what % would be necessary to bring them into a revenue neutral position with the Condo. They recommend that any past deficit be zeroed out and 2019 be used as base line for the future rental related accounting purposes. They ask this because for years and many managers they have been told that they were compliant and revenue neutral, and this is the first time that they have been told they are not.
- b. **NOTE:** Condo Management Fees for NSB area was presented to the Committee, and Errol is the second lowest with 11% + 2.5% for the credit card fees which is 13.5% while the mean is 15% and the median is 16%.
- c. The Q1 evaluation will be based on the Q1 results and a proforma for the rest of the year based on the revenue skew for the rest of the year & fixed/variable costs. This will help identify the total costs vs the total revenue now that the program is down to 50 units from a high of 80. Automation of the back end systems in the office will also help drive down some of the fixed costs.

BOD VOTE: Unanimous

3. Motion 3 Authorize the office staff to proceed with the weekly rental of available units beginning in January 2019. **Motion** by Ken Rhodes, 2nd by Mark Hilborn

NOTE: Last year a number of Errol's 3-month renters went to 2 months. Consequently, we have 18 open units in January. It was recommended to market these at a higher weekly rate. Renting available weeks in January separately will allow those affected owners to recoup some of the lost monthly revenue.

BOD VOTE: Unanimous

4. Motion 4 Change monthly rental days to a Sat-Sat (4 weeks as a month) starting in 2020, rate to be prorated based on current monthly rate divided by number of days. The exception will be the current 6-month renters who's rate will be calculated manually. **Motion** by Ken Rhodes, 2nd by Mark Hilborn

NOTE: Office staff will determine the weeks, the rates, and when Easter Vacation will be and coordinate with the Rental Committee to determine

relevant parameters. This move is needed to optimize interface with new Website and Barefoot. Past practice of monthly rentals starting on the 1st of the month required ALL rates to be manually calculated which is time intensive and adds to fixed costs.

BOD VOTE: Unanimous

5. Motion 5 Discontinue allowing renters to leave items in our storerooms Motion by Ken Rhodes, 2nd by Mark Hilborn.

Lively discussion regarding renters wanting a store room all to themselves, and that one/two-month renters now want space when we still need more space for owners.

NOTE: Rental committee members were unaware of the volume of items left by regular winter renters and recommended that NO items be stored for any winter renters.

BOD VOTE: Unanimous

6. Motion 6 Require all rents to be paid 'in full' 90 days before they arrive on campus. (Exception 6 month renters pay in advance for first 3 months then monthly for balance) **Motion** by Ken Rhodes, 2nd by Mark Hilborn.

Discussion ensued regarding the change of credit card company policy that renter can now reverse their charges at will.

Documentation must be made legal and clear that Errol will pursue all renters through collections.

Motion amended: Require all rents to be paid 90 days in advance broken down as: at 90 days out pay 1st month, 60 days out pay 2nd month, 30 days out pay 3rd month. That all documents be reviewed by legal to ensure the rents are collectible.

BOD VOTE: Unanimous

7. Motion 7 Require all website rentals to check an OPT-OUT box for Travel Insurance acknowledging understanding that there are no refunds for prepaid reservations and authorizing manager to finalize procedures/processes to implement. Motion by Ken Rhodes, 2nd by Mark Hilborn.

BOD VOTE: Unanimous

8. Motion 8 Increase cleaning fees to market rate, severing the relationship with All Hands because of the unsatisfactory performance.

Motion by Ken Rhodes, 2nd by Mark Hilborn.

New rates are as follows:

TYPE	\$
a. 1 Bed	115.00
b. 2 Bed	125.00
c. Ocean	155.00 (140 sq ft)

NOTE: All Hands employees have demonstrated a growing lack of professionalism and reliability and are no longer acceptable for our needs. Due to this significant dissatisfaction with All Hands the manager has identified an alternate provider for cleaning services that appears to be a high quality organization/s.

Motion amended – Manager should renegotiate the price of the Ocean Fronts since they are only 140 sq. ft more.

BOD VOTE: Unanimous

- 9. Motion 9 Needed website updates, professionally taken standardize photos** for enhanced marketing strategy of Rental Program units. **Motion** by Ken Rhodes, 2nd by Mark Hilborn.

NOTES: For effective maximization of the new website and logo, management and the Rental Committee are recommending updating and standardizing of unit photographs. Many updated units do not have current photographs. In addition, only units in the Errol Rental program will have photos. Non-standard modification to units which allow occupants beyond the advertised capacity (4 occupants for 1 bedroom and 6 occupants for 2-bedroom units) will not show or advertise such. In addition, management will aggressively monitor compliance with authorized capacity numbers.

BOD VOTE: Unanimous

- 10. Authorization for manager to modify rental agreements documents,** applicable rules and regulations and advertise, post and enforce as appropriate. **Motion** by Ken Rhodes, 2nd by Mark Hilborn.

BOD VOTE: Unanimous

9. New Business

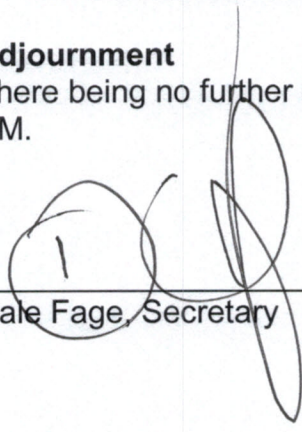
- a. **Dog Area – Tennis Court Area Motion** by Larry Eriksson, 2nd by David Hancock to designate the area around the Tennis Court a Dog on a leash walk area. To put up a doggie waste station in, but no gates. **Vote:** Unanimous
- b. **Owner's Thank you to the Board**
- c. **Rental Committee Request for Signage** along the Beach- Ken Rhodes introduced request from Howard Hitzel on behalf of the rental committee requesting signage to advertise rentals available with phone/website information along beach side of property. After brief introduction of the idea the immediate sentiment among board members was that this was not desirable. Item was abandoned without motion.
- d. **Owner of 305 Cynthia Cook requests a Kayak Rack - Motion** by Ken Rhodes, 2nd Mark Hilborn. Discussion ensued regarding the cost which was researched by the owner for around \$950.00. That a sign be placed that the owner is total responsible for the items they place in the rack, and the Condo Association will not be responsible. Manager was authorized to identify most desirable location and proceed.
Vote: Unanimous
- e. **David Hancock** asks the Board to put on the Agenda for the next meeting "How to amend the condo documents to address those owners who are renting outside the Errol Rental program, but not contributing to the expenses. The item will be added to the next agenda.
- f. **Next Meeting:**
 - i. Lightning protection for the buildings
 - ii. Venting Washer/Dryers in the units Dale Fage
 - iii. Fines Process

10. Open Session for Homeowners

Several owners expressed thoughts/opinions on a variety of agenda items. All comments will be taken under advisement by the board

11. Adjournment

There being no further business to come before the board, the meeting was adjourned at 1:30 PM.



Dale Fage, Secretary

APPROVED