

**SEA CLUB IV OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES
Thursday, July 26, 2018 at 10 A.M.**

A. Call to Order – President Gil Lesko called the meeting to order at 10:00 A.M. Board Members introduced themselves and a quorum was established.

- **The following Board Members were present:**

- Gil Lesko – President
- June Lesko – Vice President
- John Swogger – Treasurer
- Bill Craig – Secretary
- Danny Abboud – Non-Voting Board Member

- **Others present:**

- Scott MacGregor – ARC
- Halee McLaughlin – ARC
- Michael DiPaola – ARC

Approval of Agenda – Scott MacGregor asked to amend the agenda to include financial reports under capital projects. June Lesko made a motion to approve the minutes, John Swogger seconded, unanimously passed.

Gil Lesko asked U.S. Glass to present regarding window replacements at SCIV. The different types of materials/structures were discussed, and questions were asked and answered. U.S. Glass provided the Board with (4) four bids:

1. WinDoor 7000
2. PGT 5570 Vinyl
3. Shwinco 9700 Vinyl
4. WinDoor 8100

Shwinco 9700 Vinyl was suggested as the best option for SCIV from U.S. Glass. The Board will discuss and come to an agreement at a later time.

Assuming no concrete repair is needed, Scott asked about the time frame of removing and re-installing – US Glass advised it would be 1 day.

Michael is starting to close floors and is hoping (if able to move inventory) that he can close down 2 floors at a time to be able to have the sliding glass doors replaced.

Interior Upgrades - Michael DiPaola then asked Cherry Hill to introduce herself and discuss the interior upgrades that SCIV could do to bring the units more up-to-date.

Cherry advised that the estimated cost per unit for a full interior upgrade would cost \$10,000 per unit. Cherry discussed and answered all questions from the Board.

Michael opened the floor up for owner's opinions and discussion.

Michael advised that the Unit/Maintenance portion for SCIV has been below a gold crown on RCI for 11 months.

Michael stated that percentage points in housekeeping only fell down twice.

Scott and Michael advised that the bedroom furniture should be changed out between 5-7 years.

Cherry advised that there will be only one change on the bathroom phase 2 remodels, which will be the toilet seats.

Financial/Capital Projects – S. MacGregor reviewed financials and answered related questions. There are a few variances in the financials that will be discussed.

- Revenues and expenses are right where projected, but not terrific.
- Health insurance will go up for 2019
- Wage increases to come
- Increases in labor
- Depreciation expense that wasn't budgeted before – shows a negative expense of \$2,900. It reflects some items that were capitalized several years ago so for tax purposes they were filed.
- \$291,000 Cash in the Operating account at the end month of June.
- Monthly expense about \$80,000
- Audit from 2017 shows \$139,000 operating deficit. \$80-90,000 deficit projected for 2018.

John asked about the number of non-performing, Scott advised that a subledger report is created monthly which consists of all 2,040 intervals, which go in their respective category. They are split up between the association owned intervals, the ones that are extremely delinquent (deceased, bankrupt), or the owners that are simply delinquent and not paying. The number of non-performing has been as high as 427 in March 2018 and now currently 331 because we continue to collect the funds throughout the course of the year.

ARC's commitment was that they would take ownership or sell and pay maintenance fees over the course of the 3-year term.

Scott Macgregor advised that the sales floor will be opened at theAmericano next Saturday, August 4, 2018.

(3) Three major capital projects in the near term:

- Sliding Glass Doors
- Unit Interiors
- Pool Decks

SCIV has a current loan with Valley bank, 4 ¼ fixed rate and matures in August 2023. Currently paying \$6,200 monthly on that loan.

Scott discussed financial options for Capital projects and advised that ARC will be making a payment of \$25,500 dollars to the association due to being behind in projected sales and advised that ARC has been trying to leave the inventory open for rentals.

Scott stated that ARC discussed terms/loans with SCIV's current bank – Alliance Association Bank. AAB offered a \$350,000 loan over a 12-year term with 6% interest. Possibility to retire the Valley bank loan and receive an advance of \$350,000.

When reaching out to Valley bank regarding an additional loan, they advised that the interest rate would be around 6 ¼ and do not like extending the terms/loans longer than 6-7 years.

Capital Projects estimated at (1,000,000) 1 million dollars. Reserve budget estimated at - \$230,000. There are a lot more to consider when looking at Capital Projects. Michael added some on his reports:

Manager's Report

- Installation of the door locks, bathroom phase 2, smoking area, storefront entrance way (automatic doors vs sliding doors, price is subject to change)
- Revamp of all railings (\$117,000 estimated)
- Need to replace commercial dryer
- In-room safes
- Kitchen cabinets, appliances, roof outside with patches due to cigarettes being put out.
- Bedroom update (Internal wall wiring, socket replacements)
- Parking lot to be recoated -proposal on aero tech aluminum

There is some patching on the building. 2013 was the last time the building was painted, so Michael suggested that we consider redoing soon as the time limit is usually around 7 years.

Park 'n' Marking suggested the parking lot needs to be recoated, Michael suggested that the Board wait until after the capital projects to complete.

Reviews

- Number 1 in Trip Advisor
- Gold Crown resort in RCI – only issue for SCIV is interior/maintenance
- Received Hall of Fame from Trip Advisor for the first time. Top of the chart for the past 5 years.

Manager's Diary – Michael advised that the resort is in pretty good shape and will continue to update. A few continuous items as well as new items:

- Bathroom Project Phase 2
- Sliding Glass Door Replacement
- Lobby Doors
- Chair finishing's to complete (Last meeting discussed, Michael is unsure of where we are at with that)
- Internal swaps – have completed some and picked up rental income
- Hurricane shutters
- Elevator
- Wi-Fi is still in the works hoping for end of August for completion (11 month behind)
- New Website completed

Michael asked Gil about a Mission Statement and if he and the Board came up with any and Gil advised that he did not have one at the time but would love to start working on it.

The Board asked Michael to get a firm price from the vendors for the window replacement and store front.

The Board all agreed on Shwinco 9700 Vinyl – asked to get a firm total. Estimated around \$380,000 – Gil alleged that after all details are added cost may be around \$450,000.

Scott encourages on having a studio model unit completed from Cherry. J. Swogger makes a motion to have a model unit completed, not to exceed \$10,000, June Lesko seconds, unanimously passed.

Gil asked that Michael suggests an appropriate time for the change of maintenance weeks.

Michael advised that he likes to hold "Townhall" meetings to allow owners to voice their comments/concerns.

Michael brought up the value of the building/land to show that the money is in the land more so than the building, quick estimate is about \$10,000 per linear feet.

Old Business

- Update on 2020 Proxy – S. MacGregor reviewed the documents included in the SCIV mailing and answered any relating questions. Will be eliminating the termination provision and reduced the annual meeting quorum from majority to 20%.
- As we get close to the 2020 election, will work on suspending the voting rights of non-payers.
- Paperless communications – still in the works, a few developmental delays.
- Reserve Study Update – Reserve plan, ADA plan, Water Quality plan – all components in system, a few adjustments to be completed.

New Business

- Education for the Board members – TBMA, Gil would like to discuss possibly adding this training expense to the budget for educational purposes regarding the Board. S. MacGregor stated that he would add a line item into the budget.
- Resales – Association received 75%, ARC receives 25%
- Association owned inventory, 200 for sale, listed on the website.
- Gil asked about guests purchasing units in foreclosure – Scott advised that the process is costly and answered other relating questions.

Weeks Returned Without Consent by the Board

- Michael asked if the Board needs to sign off on deeds when sold. Gil would like the Board to be notified so that they are aware.

The Board opened the floor up for owner comments and discussion, answered all questions.

J. Swogger makes a motion to adjourn, Bill Craig seconds, unanimously passed, meeting adjourned at 1:12 P.M.