

**SEA CLUB IV OWNERS ASSOCIATION  
BOARD OF DIRECTORS MEETING MINUTES  
Thursday, February 21 at 10 A.M.**

**A. Call to Order** – President Gil Lesko called the meeting to order at 10:00 A.M. G. Lesko did roll call and a quorum was established.

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

- Gil Lesko – President

- June Lesko – Vice President

- John Swogger – Treasurer

- Bill Craig – Secretary

- Mary Spangler – Director

- Danny Abboud – Non-Voting Board Member

- **Others present:**

- Scott MacGregor – ARC

- Halee McLaughlin – ARC

- Michael DiPaola – Sea Club IV

- Cherry Hill – Cherry Hill Design

**B. Approval of Agenda** – Scott MacGregor advised that the meeting was being recorded for facilitating the minutes. Bill Craig made a motion to accept and approve the minutes as is from 10/06/18, John Swogger seconds, no discussion, unanimously passed.

***Cherry Hill/Interior Design Remodel Update*** – Cherry Hill provided an update of the completion of the model unit interior.

Cherry stated that the electrical was updated – Deep sink in kitchen area, along with a full dishwasher. Increased cabinet space, while there were some hidden damages behind the wall, beams were removed from ceiling and fabricated some light rails to install LED lighting. To keep cost within budget, Cherry kept the remodeling within the price range. G. Lesko then asked Cherry to take the owners in attendance to view the model room.

**C. Financial Reporting** – S. MacGregor advised that all documents are posted online under the Board page for viewing. S. MacGregor discussed December 2018 financials.

- Underbudgeted for 2018 – corrected for 2019.
- 3-4% increase for 2018.
- Roughly 8% increase going into 2019.
- Revenues underbudget slightly for 2018 – 35,000 below target – positive variances in late fees.
- Under budget in contract labor – over budget in payroll (2018).

- Depreciation – a lot of furniture and fixtures are being capitalized on – causes an issue because the association is being taxed on it. Furniture is technically owned by the owners as personal property.
- Personal property tax bill of about \$4,000 a year due to capitalized items.
- Property taxes are filed with the state every January.
- \$264,000 in reserves for 2019.
- \$296,000 spent in capital reserves for 2018 – roughly \$56,000 more than the association took in for reserves which depleted the reserve account.
- Roughly \$92,000 overall operating variance from budget at the end of the year.
- Roughly \$86,000 operating deficit for 2018.

S. MacGregor advised that last year the reserve study was updated. The reserve study is now fully automated with the ability to make changes to it and project the funding for the next 30 years. S. MacGregor distributed a report to the Board of which displays capital expenditures for the next 3-5 years and how the association will start paying for them.

- Bathroom remodel all completed – \$180,000 spent for phase two of bathrooms.
- Door & window replacement – Atlantic Window & Door (selected vendor), their proposal to replace 10 windows on end, 4 windows on west part of the building, store front and most importantly all the sliding glass doors in the units was \$466,442. S. MacGregor advised that while trying to finance this expenditure, it hasn't been successful thus far. The previous bank that provided the pipe loan to SCIV Association has since moved to no longer offer financing to Associations. While nothing is in place yet, management is actively seeking to find financing.

Michael DiPaola has since identified 17 sliding glass doors that are essentially inoperable and Atlantic Window & Door was able to keep their same price and the Association was able to put down a deposit of \$40,000 and the sliding glass doors were ordered with an estimated delivery time of about 5 weeks. The total cost for 17 replacement doors, removing shutters and same specs as model unit was \$122,000.

- A few bids received for the pool deck – M. DiPaola's suggested vendor provided an estimate of \$39,000.
- S. MacGregor advised that Cherry provided a preliminary budget for completing the remaining units with the same specs as the model unit – estimated at \$1,105,432.
- Deficit reduction \$222,000 included in the 4 to 5-year plan – being carried over year by year, S. MacGregor advised that he'd like to start working on eliminating that.
- As major capital projects are approaching a decision to possibly raise maintenance fees or impose a special assessment may need to be determined.
  - \$722 special assessment split into two years (\$361 each year) was proposed.

**D. Property / Manager's Report** – M. DiPaola reviewed his manager's diary.

- Updated the pool deck lounge chairs
- Electronic key lock system is still in the works
- Wi-Fi upgrade - completed
- Turtle compliance lights on pool deck – completed
- Bathroom update phase 2 – completed
- Smoking area 1 & 2 – completed
- Unit lamp with USB outlet is still in the works
- Security cameras have been updated
- Lobby gate has been repaired

M. DiPaola stated that 35 out of 40 units have had the interior paint touched up as well as small fixes and buffs to the chairs – stated he has seen a slight increase in reviews.

Trip Advisor – 4.5 rating out of 5.0 – Received Hall of Fame for a consecutive 5 years.

RCI – Resort Recognition score – Gold crown for a consecutive 8 years. The area that seems to be slightly lower in score is at Check-In.

S. MacGregor asked Cherry if there were any big cost items that may arise aside from the proposed quote. Cherry stated the Murphy beds were a big-ticket item.

John Swogger and G. Lesko volunteered to be involved with next steps of proposals with the interior remodeling.

**E. Old Business**

**4.2 – Update on 2020**

- S. MacGregor stated that for the special meeting a majority of voting interest is needed for a quorum which is roughly 1,020 minus association owned. M. DiPaola advised that we have somewhere around 788.

**4.7 – Resales of Association Owned Inventory**

- S. MacGregor advised that limited weeks were sold (15) due to the sales center being closed in Daytona.
- S. Macgregor advised that ARC is prepared to pay up to 100 intervals for 2019. That balance for 2019 will total to \$55,420. S. MacGregor advised that of the 100 intervals, 82 of them are RCI's lowest season.
- S. MacGregor asked the Board if they wanted ARC to start paying on up to 100 weeks and adding them to the rental program – G. Lesko asked that items 4.7, 5.2, 5.3, and 5.4 be tabled until end of meeting.

M. DiPaola advised that SCIV implemented an internal exchange program for \$99, exchange your owner's week with another association owned week.

## **F. New Business**

### **5.5 – Door Locks – No timeframe for installation yet**

- The door locks will help with late check ins. The padlocks are computerized and can frequently change passwords as needed.
- Need to order another 13-14 door locks.
- 10-year warranty on the door locks, able to set a time frame for the locks, and provide passwords for law enforcement in case of emergency.

## **G. Other Business and Discussion Items**

### **6.1 – Review and Revise Deed Back Policy**

- M. DiPaola asked that someone from the Board review the current policy and add some perimeters and verbiage – Mary Spangler agreed to do so.
- Received 12 deed backs to date out of agreed limit of 20.

The Board moved to take a 15-minute break.

G.Lesko asked S. MacGregor about possibly creating an LLC in regards to using it to hold association owned inventory as well as assisting in quorum. There are a few stipulations that need further looking into before moving forward with creating an LLC.

### **6.2 Annual Budget/Timeline – Discussion between Management and Board to meet for 1 hour per week prior to Budget Meeting in August**

- G. Lesko asked if a phone call meeting could be done closer to the Annual meeting to go over proposed 2020 budget. S. MacGregor advised that there will be regularly discussion on variances, to keep in mind that the biggest cost is labor.

### **6.4 Management – Manager – Board Relations - Discussion**

- S. MacGregor asked to resolve the inventory discussion. ARC agreed to pay on 100 intervals in 2019. A few clarifications S. MacGregor provided to G. Lesko.
- Proposed sales program by ARC was presented in May of 2017. If ARC sold a SCIV owner an additional week, then ARC would pay the Association \$500.00. There were zero sold and ARC is asking to pay on 100 intervals.

The Board moved to adjourn the meeting at 12:40 PM.