

**SEA CLUB IV OWNERS ASSOCIATION  
BOARD OF DIRECTORS MEETING MINUTES  
Thursday, May 16, 2019 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 (via telephone)

- **Others present:**

- Scott MacGregor – ARC
- Halee McLaughlin – ARC
- Michael DiPaola – Sea Club IV
- Cherry Hill – Cherry Hill Design

**B. Approval of Agenda** – Bill Craig advised that the meeting was being recorded for facilitating the minutes. June Lesko made a motion to accept and approve the minutes as is from 2/21/19, John Swogger seconds, no discussion, unanimously passed.

***Atlantic Windows and Doors Update*** – A rep provided an update on the progress of the sliders. To date they have installed 10 of them, 4 of the windows are installed and there are 7 more waiting to be installed. He asked the Board for direction and approval on the placements of the 7 remaining sliders. Time frame to get installed is around 6 – 8 weeks as their busy season approaches.

***Cherry Hill Update*** – Cherry Hill brought up one item that hasn't been budgeted for; draperies. Michael DiPaola asked for Cherry to provide a quote for all and will bring back to the Board for approval. She gave an interior update and let the Board know that she is open to any suggestions and questions the owners may have.

**C. Financial Reporting** – S. MacGregor provided an update on the March financials.

- Audit will be published to the state by 5/31/19.
- Insurance renews in May – looking at an increase of about 5.1%
- Positive Surplus in additional interest projected for the end of year
- Income roughly \$30,000 ahead – rental income has increased.
- Roughly 16% non-performing intervals.
- Expenses are being kept to a minimal – biggest variances are for small appliances and linens.
- Housekeeping is below budget.

- \$44,000 improved from a financial perspective relative to budget for the first 3 months of the year.
- Started the year 2019 with \$26,000 in the bank.
- Current approval of the 17 windows will take a good portion of the funds, not enough cash currently to complete the window project as well as any remodels.

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

- Some Capital Projects include:
  - Pool deck resurfacing
  - Lobby doors
- One unit left to be painted. Once that is complete all the units will have been touched up (paint).
- Deficiencies in Check-In, Resort Maintenance and Unit and Maintenance quality.
- Remaining #1 in Trip Advisor.

M. DiPaola provided a list to the Board of all units that he and the team have been working on since the previous meeting.

John Swogger made a motion to approve the financials as presented, June Lesko seconds, no discussion, motion unanimously passed.

**E. Old Business**

*4.1 Status on Keyless Entry Door – S. MacGregor provided an update*

There will be a brass and master key if a guest does prefer one over the keypad. The keypad comes standard with a 6-digit code. Order time will be roughly 4 – 6 weeks and can be integrated into the reservation system.

J. Swogger makes a motion to approve the installation of the locks, J. Lesko seconds, no discussion, unanimously passed.

*4.2 Update and Review Policy on Delinquent Accounts as to % of Monies Applied (Currently 50/25/25) –*

M. DiPaola provided an update on the current policy. The Board directed management to seek guidance from the Association's legal counsel on allocation of rental proceeds from delinquent intervals.

*4.3 Deed-back Policy Revisions -* Mary Spangler advised that she is still working on the policy revisions.

- M. DiPaola advised that to date the Association has received back the max limit per the policy of 20 deeds.

M. DiPaola brought up an issue he's been getting with clouded deeds and deeds that are coming in incorrect and causing the team at Sea Club IV additional work. He asked the Board

and S. MacGregor for suggestions on how to proceed moving forward with deeds as such. S. MacGregor states that he will request advice from the Association's legal counsel.

J. Swogger made a motion to direct S. MacGregor to seek legal advice from the Association's attorney on the current deed-back policy and procedures, J. Lesko seconds, no discussion, unanimously passed.

*4.4 Sunset Clause* – S. MacGregor stated that quorum has been achieved for the special meeting.

The Board adjourned for a 10 - minute break, will convene with New Business.

#### **F. New Business**

*5.1 Guest of Fee* – M. DiPaola proposed that a revenue generator (Guest of Fee) be imposed only on and or when the rightful owner of an interval week gives their week to anyone who is not on the deed and whereas the owner is not present. When the Front Desk receives this Guest of Authorization Form, they must go into the reservation system and change/add all new account information. This process takes time to do as well as takes time away from other duties assigned to the Front Desk.

M. DiPaola reported that Sea Club IV did an analysis and in 2018 had approximately 300 "Guest of" owner forms sent in. Which if introduced the "Guest of" fee would have generated almost \$8,000.00 in additional revenue. In 2019, January 1 - April 30, the association could have collected almost \$4,000.00 additional dollars to be put back into the associations account.

Bill Craig made a motion to accept the adoption of a guest fee charge at \$25.00, G. Lesko seconds, no discussion, Mary Spangler and June Lesko voted no, motion ties following John Swogger leaving the meeting early - motion denied – does not pass and is tabled for the next meeting.

*5.3 Special Assessment for the Sliding Glass Doors, Kitchens, Bedroom Furniture and Pool Deck Renovations* – Major capital projects and remodeling coming up, the Association needs the funds to make this happen for Sea Club IV. This assessment will also cure the operating deficit as previously discussed with the Board and Management.

- Interest rates have increased, and loans weren't an option as there is already an existing loan currently being paid off.
- There was an 8% increase in maintenance fees last year which roughly 5% of that went directly into reserves to fund some of these upcoming projects and loan payoffs.

The decision for the Board was to either raise maintenance fees, assess a special assessment, or do nothing at all. The most reasonable decision to avoid raising maintenance fees was to assess a special assessment to be able to complete these capital projects.

- Pool Deck resurfacing estimates at \$39,000.

#### Special Assessment Breakdown: Sliders, Pool deck, Rail and Deficit.

- Winward \$440.48
- Studio \$247.06
- Leeward \$324.70
- Mainsail \$370.50
- Topsail \$370.50
- Captain Quarters \$576.00

The Board is aiming for June to bill this assessment to be able to get the funding for the sliders and pool deck. The total amount of the special assessment is for \$600,000.

Bill Craig makes a motion to approve the special assessment at \$600,000 to cover the sliders, pool deck and rail, J. Lesko seconds, short discussion took place, unanimously passed.

#### *5.4 Under an LLC – Leasing vs Selling of an Interval*

- M. DiPaola stated that this is a new topic that has been rising within the industry and asked for a discussion on it to see how/if it applies to Sea Club IV.
- S. MacGregor asked that the Board table this topic for a later meeting as this is a bigger discussion for a later time. The Board agreed.

#### *5.5 Review Smoking Policy*

- Medical Marijuana is something that hasn't been included in the smoking policy/rules and regulations and has been occurring within the resort more frequently.
- The Board discussed revising the policy to include medical marijuana, S. MacGregor asked the Board to think about how to distinguish if it was medical or not. S. MacGregor stated that you are not required to allow it.
- The Board decided to table this agenda item until the next BOD meeting.

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

*6.2 Owner Comments* – The Board opened the floor to the owners and answered all related questions.

G. Lesko advised that the Board received 2 certified letters in which he read them aloud and addressed to the owner's present. The first letter was regarding maintenance fees and pricing of units (see attached), the other reflects a Facebook Open Forum Poll that was taken from 81 people (see attached).

### **H. Adjournment**

G. Lesko made a motion to adjourn the meeting, J. Lesko seconds, no discussion, motion was adjourned 1:15 PM.