

**WATERSIDE III AT BAY BEACH CONDOMINIUM
ASSOCIATION, INC.
MINUTES OF THE BOARD OF DIRECTORS MEETING
January 13, 2023 10:00AM**

1. **Call to Order - Establish a Quorum:** The meeting was called to order by Pete Yeatman. A complete board was in attendance with Pete Yeatman, Bob Carran, Jeff Lievense, and Scott Kitkowski in person while Donna Kaiser attended remotely.
2. **Proof of Notice:** A special email announcing the meeting was sent to all owners on January 6, 2023 by Myers, Brettholtz & Co.
3. **Approval of Minutes:**
Pete Yeatman requested to waive the reading of the minutes from the December 15, 2022 BOD meeting and for a motion to approve them. The motion was made by Bob Carran, seconded by Jeff Lievense and unanimously approved.
4. **New Business:**

a. Discussion of Hurricane Repairs

Jeff explained the hurricane impacts and repairs, basically in these words.

Hurricane Ian caused \$1.5 – 2.0 million in damage to our condo. It happened, and we will have to pay for most of it. The question is how to pay for it.

You all should have received yesterday's email from Pete which provided advance financial information related to the special assessment that is being considered by the board.

Before we get into that, let me briefly give you some background on the people involved and the process and also an overview of our current estimate of costs to fix all the damage to the common areas of our building and grounds.

First the people. Those involved in generating the input data for the memo you received are Sylvie Gauthier, our property manager; Kerry Johnson, our accountant at Myers Brettholtz; and me.

- Kerry prepared our pre-hurricane draft 2023 budget with inputs from Sylvie and Dick Cote, the past treasurer. This was used to estimate 2023 revenues and operating costs, excluding the storm costs. Kerry also gave me access to our accounting firm's website so I could see our bank account balances and the payment status of invoices. This morning's cash balance is \$211,643, and we have no pending invoices.
- Sylvie maintains a list that itemizes the hurricane damages and the estimated costs associated with each item. In most cases, we have a pretty good idea of the cost because the work has already been done or we have a quote. In a few cases, we do not yet have a quote.

- I used the draft budget information from Kerry and the hurricane cost information from Sylvie to build a model of our cash balance through the end of May 2023.

Those involved in reviewing the cash balance analysis are Sylvie, Kerry, and our Crisci Finance Committee which I chair. Other finance committee members are Charlie Eck, past WS3 President and Treasurer; Tom Kaiser, whose career was in banking; Chuck Pestow, whose career was in the auto industry and included budget responsibilities; and Connie Shepherd, whose career was in banking. My career was in biotechnology and included budget responsibilities. I also served on a volunteer basis as treasurer of a neighborhood HOA and a community youth sports league.

A draft of the memo you received and the cash balance model were reviewed individually by Sylvie, Kerry, and the finance committee members. Then the committee plus Sylvie met as a group on Tuesday afternoon to discuss the materials.

Finally, Pete reviewed multiple drafts of the memo including the version that was sent to all owners.

On to the hurricane damage and costs that are the responsibility of Waterside 3. This does not include owner responsible damages; Waterside Master Association damages – our pool and tennis courts; or EBIA damages.

The current estimated WS3 total is \$1.5 to 2.0 million. Sylvie's spreadsheet shows about \$1.54 million. But there are some items where we don't have a quote yet. And there is also the unknown. So the upper end of \$2 million is meant to account for those. The biggest single cost is replacing our roof and anchoring the condensing units. We have quotes for that which amount to about \$900,000. Other significant items totaling \$640,000 include:

- \$151,500 for fire panel replacement;
- \$143,000 for clean-up;
- \$117,000 for elevator repairs;
- \$60,000 for drywall removal and repairs;
- \$54,500 for overnight fire watch service through the end of February;
- \$45,500 for temporary roof repairs;
- \$27,000 for electrical repairs;
- \$17,400 for front door repairs;
- \$15,400 for HVAC repairs;
- \$7,500 for entry door and mailbox locks;
- \$11,250 for several smaller items.

There are other items for which we do not yet have estimates. About \$500,000 is allocated for this.

- replace awnings;
- garage door and motor repairs;
- garage fans and pressure fans;

- storage locks;
- lobby refurbishment;
- landscaping;
- the unknown unknowns.

Review content of the memo, noting that I found an error last night. One cost item was omitted from the calculations but I still think we can manage our cash, with the added \$400,000 assessment, to stay positive into April.

Jeff went on to say our SBA loan has been approved and we anticipate the money to be available early February. Repayments of the loan will appear in assessments starting in 2024 with an anticipated quarterly increase of approximately \$300.

We have applied for a bank line-of-credit in case the funds are not provided in time to cover needed expenses.

Our insurance coverages were mentioned, and it was clarified that any insurance payments must be applied to the SBA loan.

Several questions were raised by owners; questions touched on the roof replacement; the A/C units; insurance costs; and reserves.

b. Pete then read the following:

Consideration of a special assessment in the proposed total amount of \$300,000 or \$400,000 to fund emergency repairs and mitigation needed due to damage to the Condominium Property sustained by Hurricane Ian including, but not limited to, the condominium roof. It is anticipated that any approved special assessment will be payable in one installment due February 3, 2023. Each owner will be responsible for their share of the special assessment in same percentage as the annual budget. This assessment is being passed under the emergency powers of the Board pursuant to Florida Statutes Chapter 718.

Pete asked for a motion to approve an assessment of \$400,000. Scott made the motion, Bob seconded the motion, and the motion was unanimously approved.

5. **Adjournment:** Pete asked for a motion to adjourn the meeting. Jeff made the motion and Scott seconded. Adjournment was approved.