

**WATERSIDE III AT BAY BEACH CONDOMINIUM
ASSOCIATION, INC.
MINUTES OF THE ANNUAL MEMBERS' MEETING
FEBRUARY 13, 2025 10:00 AM**

1. **Call to Order - Establish a Quorum:** The meeting was called to order by Scott Kitkowski. Sylvie Gauthier confirmed there was a quorum of owners present.
2. **Proof of Notice:** The meeting notice was sent out by Myers, Brettholtz & Company on December 3, 2025 which met the 60-day requirement and another notice was sent out on January 29 to meet the 14-day requirement.
3. **Approval of Minutes from 2024 Annual Members' Meeting & September 5, 2024 Special Members' Meeting:**

Scott asked for a motion to waive the reading of the draft minutes from the February 13, 2024 Annual Members' meeting and minutes of the September 5, 2024 Special Members' Meeting and approve the meetings. The motion was made by Jan VanGorder, seconded by Don Turner, and carried by the members present.
4. **Reports of Officers and Manager.**
 - a. **President's Report**

Scott began his report with a review of the year including these highlights:

 - the condo rules and regulations document was updated and approved;
 - the roof replacement was begun and completed;
 - the A/C replacement program enabled 19 owners to have their units replaced;
 - Merlin law was selected as the lawyer to represent us in the lawsuit
 - the lobby renovation project was completed; and,
 - hurricanes Helene and Milton occurred.

Scott continued with a plan underway for projects to be completed this year and beyond which began with:

 - fountain repair, stucco repair, and replacement of exterior metal doors and frames.

Lastly, he gave more specifics on:

 - the lobby renovation;
 - the post-Milton evaluation on which plants will need replacement; and,
 - the items of particular attention for 2025.

A copy of the summary report, projected project report, and items of focus for 2025 are attached.
 - b. **Treasurer's Report**

Jeff presented the report which focused on the 2024 financial results, including these points:

 - the 2025 budget was reviewed and approved at the November 27 board meeting;
 - Waterside III's 2024 financials will be reviewed by an external auditor;
 - Balance Sheet:
 - \$1,060,424 cash in the bank is split about 50/50 between operating and reserve funds;

- accounts receivable is the amount due from owners for repayment of the SBA loan;
- The negative amount of the operating fund of \$975,054 reflects the SBA loan debt;
- 2024 Reserve
 - reserve revenues and expenses were approximately equal at \$89,946
- 2024 Operating Revenues and Expenses
 - there was an operating deficit of \$803,949 including Jan expenses, and \$12,732 excluding them. Jeff clarified the variances that lead to the deficit.
- Jeff then provided an update of the storm-related expenses and funding through December 31, 2024 explaining:
 - cumulative storm-damage expenses of \$1,587,749;
 - insurance claim income of \$383,369;
 - net expense amount paid by the SBA loan was \$1,204,380;
 - total SBA loan disbursement amount was \$1,545,000; and,
 - an additional \$455,000 for SBA funding was requested which will bring the total loan amount to \$2,000,000.

A copy of the report is attached.

5. Announcement of new Directors (no election needed because there were no more candidates than vacancies):

- Scott's, Donna's and Sue's terms were ending. As there were no added candidates than vacancies, they are back on the board.

6. New Business

- a. Vote to authorize the Board to waive the statutory year-end financial reporting requirement for the 2025 fiscal year and allow the Board to prepare or cause to be prepared a report of cash receipts and expenditures, a compiled financial statement, or a reviewed financial statement at the Board's discretion. An audit will be performed on 2024 financials.

Sylvie provided the results of the owner voting of 25 'yes' and 0 'no' to waive the audit.

7. Owner Comments

- Joe Romanelli asked with respects to EV vehicles, whether other buildings are following the guidelines Scott mentioned earlier in the meeting. Scott confirmed buildings 1, 2 and 3 will be following the same criteria.
- Jan VanGorder asked whether those same criteria would apply to electric bicycles. Response: Bicycles are covered in the Rules and Responsibilities document that was updated and approved in 2024, but there are some references in the vehicle document being worked on that will apply to bicycles.
- Janet Markelz asked whether bringing the bicycle batteries up to the unit will reduce the risk. Scott said it would reduce the risk, but were a storm predicted, the entire bicycle would need to be moved up.
- John Russo asked about where EV charging stations will be setup. Scott responded that by Florida statute, an owner cannot be denied the right to place an EV vehicle charger in their limited common area. That said, the statute states the condo should not bear the burden of the charger placed there; the added costs of infrastructure,

charger, safety devises, insurance, etc. would all be borne by the individual choosing to place his vehicle charger there. John expressed concerns about the risk if this were to happen.

- Dick Smith asked about the best way to notify individuals about this criteria before they decide to bring in a car. Scott clarified an individual would need to apply in order to install a vehicle charger.
- John Russo raised a noise issue related to the exercise classes taking place next to building 3. He asked why the class couldn't be held in the common area. He also referenced a rumor about a locker request by the group, to house gear. Julie Bishopp reiterated John's concern about the noise level and added that the mats seem to be killing the grass. Tina Estep raised a point that with that area not being level, it creates a risk of injury to the participants. John Schroeder, who has participated in the classes, explained he was not aware of issues and apologized for the noise. Scott responded the issue was raised with WMA who owns the space used for the classes. WMA stated an audit was done to check how many people within Waterside attend the sessions, and the request was for a single box to house the items. Scott said the WMA meeting being held later this same day, includes this topic on their agenda, and encouraged interested owners to attend that meeting.

8. Adjournment:

A motion was made by Rainy Kitkowski to adjourn the meeting, Jan VanGorder seconded, and the meeting ended.

President's Report

- Busy year, as noted at the last meeting as we continued to recover from IAN
 - Updated Rules and Regulations
 - Started Zoom calls for BOD meetings
 - Started Roof project on 1/15/24 (material delivery) demolition 1/31/24
 - Hurricane checklist updated
 - AC replacement program started and completed roughly 19 people.
 - Roof completed April 6th
 - Contracted with Altieri, and selected Merlin Law (Javier Delgado) as our lawyer in Ap
 - Light pole repair, front island drainage completed, Landscaping replaced
 - Mill and pave
 - Lobby project
 - Special assessment for Lobby
 - \$300,000 line of credit extended
 - Insurance found to eliminate constant extensions at a 15% deductible
 - Hurricane Helene
 - Hurricane Milton
 - SIRS completed
 - Scraped and painted east stairwell, replacing carport lights with LEDs as they fail
 - Started storm surge protection in Lobby
 - 4 building inspections to check for IAN damage
 - Started work on EV charging
 - Started work on Flood proofing concepts for our building

President's Report (con't)

Item	Todays cost	2024	2025				2026	2027
			Q1	Q2	Q3	Q4		
Asphalt / concrete	\$98,980.00							
Lobby update	\$107,983.80							
Fountain	\$6,200.00							
Repair stucco	\$10,000.00							
Flood proofing of lobby	\$5,000.00							
Metal Doors and Frames exterior 72 total	\$118,800.00							
Replace panels in FAP room	\$147,133.00							
Repair concrete spalling in carport area	\$10,000.00							
Sealcoat	\$6,250.00							
Landscaping in planters on decks	\$6,700.00							
Floors	\$85,500.00							
Coat ground floor walkways at carport								
Painting interior	\$72,000.00							
Elevator	\$140,000.00							

President's Report (con't)

- Lobby
 - Home Fixerz is basically completed
 - Few small touch up items to finalize such as bulletin board headers
- Landscaping
 - WS III
 - Pool
- Continued focus on Public adjuster
- Options for insurance – meeting on Feb 6th
- Hurricane protection and storm surge protection to be further explained during BOD meeting today
- Its been an exciting year, and looking forward to a great 2025

Treasurer's Report (con't)

Treasurer's Report

Waterside III at Bay Beach Treasurer's Report February 13, 2025

This report was previewed by the Crisci Finance Committee members (Joel Wilmoth, Connie Shepherd, Tom Kaiser, Charlie Eck), our Myers Brettholtz accountant (Kathy Stefanacci), and our property manager (Sylvie Gauthier). The report addresses WS3's 2024 financial results, following on a preliminary report given at the January 16, 2025, board meeting. Our 2025 budget was presented and approved at the November 27, 2024, board meeting.

Here is a summary of and commentary on 2024 financials, as of December 31, 2024. Along with your January 2025 quarterly assessment billing, you received instructions on how to obtain a copy of the 2024 financial statement. You can also obtain a copy by requesting from Sylvie Gauthier.

- First of all, as a reminder, our 2024 financials will be reviewed this year by an external auditor, Cindy D'Artagnan, CPA. She also performed the last audit on our 2016 financials. The schedule for completing the 2024 audit is not yet determined but it will be this year.
- 2024 Balance Sheet
 - Cash in the bank is \$1,060,424, comprised of Fidelity investments and American Momentum Bank checking accounts, \$898,701 and \$161,723, respectively. The Fidelity investments are in government money markets, SPAXX and FDRXX, currently earning 4.03 and 4.08%, respectively. Cash is split about 50/50 between the operating and reserve funds.
 - SBA Accounts Receivable represents the amount due from Waterside III owners to pay back the loan principal. Interest due on the loan is recorded as an expense. Interestingly, SBA has not charged us any interest on the loan so far. Although that is in our favor, we are trying to get this corrected.
 - The negative Operating Fund Balance, (\$975,054), which is the difference between Operating Assets and Operating Liabilities, is a reflection of our SBA loan debt. As we pay off that loan over the next 28 years, that figure will continuously become less negative and finally slightly positive (approx 3 months operating cash) when the entire loan is paid off.
- 2024 Reserve Revenues and Expenses: Revenues matched Expenses of \$89,946. The only projects funded by the Reserve in 2024 were asphalt paving and and fitness room cardio equipment.
- 2024 Operating Revenues and Expenses: Overall WS3 had an operating deficit of (\$803,949). When lan related revenues and expenses are stripped out, the 2024 operating deficit was (\$12,732).

Without Storm:

1/1/24 Operating Fund balance less surplus carryover	\$206,391.83
Insurance surplus carryover	236,709.00
2024 expenses	(719,489.43)
Net surplus(deficit) 12/31/24	\$(12,732.40)
12/31/24 Fund balance without storm	\$193,659.43

- There were a number of line item operating variances which will be addressed one-by-one.
- Actual Operating Revenue was \$659,761 vs Budget \$630,449, a positive variance of \$29,312. The main line item positive variances were unbudgeted: the special assessment of \$107,000 for the lobby remodeling and a flood insurance claim of \$152,513. These were mostly offset by the allocation of the unused insurance assessment amount of \$236,709 to insurance expense.
- Actual Operating Expenses were \$1,463,710 vs Budget \$630,449, a negative variance of (\$823,261). This was mostly due to unbudgeted storm repair expenses of \$725,054 and lobby remodeling expenses of \$91,762. The storm repair expenses were paid using SBA

loan proceeds held as cash in the Operating fund and some insurance claim revenue. Lobby remodeling expenses were funded by revenue from the lobby special assessment. Main line item variances are as follows.

- Administrative expenses were \$59,894 vs budget \$49,297 or 21% over-budget. This was due to over-budget accounting fees (\$3,724, related to the lobby special assessment and higher than expected costs for preparing the 2025 budget) and unbudgeted income taxes on earned investment interest (\$8,692). These were partially offset by under-budget legal fees (\$1,108) and accounting firm office expense (\$1,496). The Engineering Report expense (\$5,500 for the Florida mandated SIRS/reserve study) was budgeted under Professional expense; the combined expenses for these two line items were on-budget.
- Insurance expenses were \$258,403 vs budget \$235,700 or 10% over-budget. This was due to over-budget property insurance expense which was impacted by a 33% increase in our building valuation.
- Building maintenance expenses were \$95,288 vs budget \$99,340 or 4% under-budget. Slightly over-budget building repair expenses were offset by lower window cleaning expenses and several other smaller items. The windows were cleaned twice vs budgeted three times.
- Grounds maintenance expenses were \$27,309 vs budget \$12,950 or 111% over-budget. This was mostly due to two unbudgeted projects: painting the light poles (\$5,100) and correcting fountain area drainage (\$4,300). In addition, due to Hurricane Milton flooding, our palm trees were fertilized a second time (\$4,200 vs budget \$2,000) and a larger amount of mulch was required (\$2,300 vs budget \$1,000).
- Utilities expenses were \$122,370 vs budget \$127,368 or 4% under-budget. This was due to under-budget cable (\$3,4890), electricity (\$2,554), and water/sewer expenses (\$1,443), partially offset by over-budget (\$2,500) trash removal expense. Utilities usage was lower than expected. Trash removal expense was incorrectly estimated in the budget. The actual cable expense was reduced vs budget thanks to Sylvie recognizing that the cable company was billing us for 62 units instead of the actual 58 units.
- Property management expenses were \$64,463 vs budget \$67,964 or 5% under-budget. The budgeted employees bonus was paid but accounted for as part of salary.
- Other expenses were \$835,983 vs budget \$37,200. As previously described, this was due to unbudgeted lan related storm repair and lobby remodeling expenses.

Finally, here is an update on storm repair expenses and funding of these through December 31, 2024.

- Cumulative storm damage expenses are \$1,587,749. Cumulative insurance claim income is \$383,369 or a net expense of \$1,204,380. The net expenses have been paid with SBA disaster loan funds.
- Total SBA disaster loan disbursements are \$1,545,000.
- Pending storm damage expenses are \$258,488 (replace ground-level storage doors; balance due for electrical gear replacement; re-coat the social deck).
- We have requested additional SBA funding of \$445,000 which would bring the total loan to \$2,000,000 (currently under due diligence review by SBA). The loan increase is in anticipation of covering property insurance deductible expenses for damage to our building windows, sliders, and external walls. Any excess SBA funds above net storm related expenses (total minus insurance claim income) must be returned to SBA.

Respectfully submitted,

Jeff Lievense, Treasurer