

SPYGLASS POINT CONDOMINIUMS OF PENSACOLA FL
SPECIAL BOARD BUDGET MEETING
September 29, 2022 (Thursday)/5:30 PM

PLACE OF MEETING:

Tryon Branch Library
1200 Langley Avenue
PENSACOLA, FL 32504

AGENDA

1. Call meeting to order and establish quorum

5 of 7 Board members present: Patty Martinez, President; Daniel Dorman, Vice President/Secretary; Jason Robbins, Treasurer (via Zoom); Taylor Loftin, and Natalia Chapman.

2 Board members absent: Angela Heinrichs and Clif Cirk

2. Review of minutes from Board Meeting 9/8/2022

Taylor Loftin motioned to approve the minutes from 9/8/2022, Daniel Dorman seconded; motion passed unanimously.

- 6 YES votes: Patty Martinez, Daniel Dorman, Jason Robbins, Taylor Loftin, Natalia Chapman

3. Old Business:

a. Ratification of Special Assessment board approved vote for shortfall of insurance premiums for CY-2022 on 9/8/2022.

- **SPECIAL ASSESSMENT COST PER UNIT FOR CY-2022 will be \$617.61**

Recovery from 2022 Budget Shortfall due to Increase in Insurance Premium:

- Budgeted for 2022: \$93,720.00

- Actual 2022 Premium: \$143,865.07

- Difference (negative): \$50,145.07

- Increase of insurance premium from the 2022 insurance appraisal (appraisal required every 36 months): \$16,829.00

- Increase Insurance buy back: \$7,140.00

****Total shortfall of 2022 insurance premium: \$74,114.07/120 = \$617.62****

SPECIAL ASSESSMENT

Per Unit Owner's Share Amount: \$617.62

Taylor Loftin stated that he followed the numbers as read aloud and confirms agreement with them as detailed. Daniel Dorman clarified for the owners present that "Ratification" by the board of the Special Assessment is part of the emergency addition of this item to the agenda at the September 8 Board meeting and is merely a procedural item that we must do to officially record the agenda item for our meeting minutes. Ratification in this instance does not mean that the

Board is “passing” the Special Assessment; it only means the board has proposed it to the unit owners and are recording it in the meeting minutes.

Daniel Dorman motioned to ratify the Special Assessment agenda item the board approved to add to the agenda on an emergency basis, for the shortfall of the insurance premium for calendar year 2022; Taylor Loftin seconded; no discussion; approved unanimously.

- 6 YES votes: Patty Martinez, Daniel Dorman, Jason Robbins, Taylor Loftin, Natalia Chapman

4. New Business

a. Add new line items to pool reserves – financials

Patty Martinez stated that, in consultation with our attorney and the Florida Statutes, there are items that are line items missing from our reserves which should be identified:

- Roofing is already in the reserve budget
- Fences, both perimeter and unit owner fences are already in the reserve budget
- Painting is already in the reserve budget
- Paving of the asphalt is already in the reserve budget

Items to be added:

- Sidewalks
- Water Pipes (Polybutylene)
- Vinyl siding
- Balcony decks and railings
- Landscaping
- Mailboxes
- Lighting
- Windows
- Breezeways
- Exterior Doors
- Pool house
- Electrical
- Dryer vents
- Structural components
- Pressure washing
- Signage
- Insurance deductibles

The board is adding these items to comply with Florida statutes which requires items that are \$10,000 or more in expenses should be identified in the COA's reserve funding budget and that there are funds allocated for those items to be repaired/replaced; we cannot use reserve funds for items not listed in the reserve line items, they must be specifically identified and funding provided for.

Daniel Dorman motioned to add the new reserve line items to the reserve budget so that the HOA may dedicate funds specifically for the reserve items; Taylor Loftin seconded; no discussion, passed unanimously.

- 6 YES votes: Patty Martinez, Daniel Dorman, Jason Robbins, Taylor Loftin, Natalia Chapman

b. Credit line for the use of emergency

Patty's research and attendance at webinars has shown her that most COA's have credit lines for use in emergencies, these tend to be a smaller amount. Daniel Dorman mentioned that the collateral that we have, speaking with Synovus, would allow the COA to have a roughly \$30,000 line of credit with the C.D. as collateral. Trudy at Synovus did not specify the repayment terms of the line of credit, but there will be interest as it is a lending product. Patty argued that it would be prudent in the event the COA would need the funds in event of the emergency. Daniel argued that there would be an issue if we tied up those funds as they would become collateralized; suggested we table this topic for discussion following more research; Taylor Loftin agreed to table.

5. Member Comments/Concerns (SUMMARIZED)

- Daniel Dorman offered clarification for the community members present that our Operating and Reserve accounts are "separate" budgets; Florida statutes prohibits the association from using reserve funds for anything other than reserve items accounted for. Reserve Study is available to the community on Etheridge's website, which is the first that we know of being completed for Spyglass. The Reserve Study assists the association in its "future" budgeting of reserve items. Questions regarding our Operating budget and why the board did not adjust throughout the year, the Florida statutes require the board to adopt a budget 14 days prior to the end of the calendar year; \$93,720 was budgeted for insurance in the 2021 budget adopted by the prior board; we did not anticipate an increase in the premiums; insurance company delayed and board was caught off guard. Patty Martinez mentioned that the existing board had to move forward with the budget as adopted. The prior board did not consult with the insurance company nor complete research as to the potential for increases in the premium.
- Owners questioned whether or not the COA should have an issue with a shortfall again next year; Patty Martinez responded that we cannot confirm that, but Patty has confirmed with the Insurance company that many other Condominiums are presently experiencing increases; also had Hurricane Ian in south Florida which will only increase premiums across the state. The existing board has done its due diligence in consultation with the insurance company to come up with our best forecasted insurance costs for 2023 (estimated at \$220,000 for CY2023 premiums); Daniel Dorman apologized on behalf of the board regarding the email sent out from the board which detailed the potential ramifications of failing to maintain insurance for the condominium; it was not the intention of the board for the email to come off as condescending or aggressive.
- Taylor Loftin reminded everyone that when this board took over, the accounting as handed over to Etheridge was not properly taken care of by prior management company and this board voted to have a "Forensic" Financial Audit, which is still ongoing, to try

and figure out where Spyglass is at, which is why the board has held off on voting on “acceptance” of the financial statements – we don’t know exactly what we have when we took over. Some funds the board thought was there was not, and we learned from the professionals that the use of our funds can sometimes be restricted by statutes, etc.

- Spyglass cannot switch insurance companies due to the ongoing issues we have following the Hurricane Sally claim and M&H; also have an open lawsuit. The board was informed that we could not opt for another carrier with these open claims/issues.
- Regarding the monthly assessments: The attorney has informed the board that we no longer have discretion where the funding of our budget for the reserves due to the documentation under the Reserve Study and Engineers report; this issue will be covered in more detail at the October board meeting. Reserve and Engineers reports are online at Etheridge’s website; owners were highly encouraged to review these reports to better understand the proposed budget for next year.
- Patty Martinez clarified issues regarding the outdoor spigots: When the polybutylene piping issue came up, the prior board elected to repair only half of the community water spigots; this is a new board and the spigots are in the reserve items for this year and we are still working on this. This board has received two bids for the repairs; the scope of work was too large for one company and had to opt to go with the other. Received the bid and were going to perform the work, needed to take an inventory of the spigots that work and do not; work was about to be completed when P-Building polybutylene flooded several units as the pipes were not replaced. Following this, the scope of work changed due to the need to change the pipes and connects with the new flex lines.
- Owners questioned whether or not this was correct because the Association was given funds “years ago” and the polybutylene piping issues were supposed to have been corrected; Daniel Dorman spoke and confirmed that this board was told that also, however this was clearly not done and was one of the reasons this board wanted to have a financial audit completed. Taylor Loftin mentioned he also had an issue in his unit to replace polybutylene piping which was supposed to have already been replaced.
- The association was supposedly awarded money as part of a lawsuit from the polybutylene piping issue; this board was also informed of the same thing, yet we have not seen any documentation evidencing this fact, and we do not now where those funds are now; Taylor Loftin mentioned that this is again why we opted to have an audit, this board is trying to make everything as transparent as possible and maintain accountability from this board and forward.
- Our association, because of the way our bylaws are written, has the burden of responsibility for nearly everything; monthly assessments could, theoretically, be lowered if the repair/replacement/maintenance of reserve items were passed to the unit owners, alleviating the burden from the association and lowering monthly assessments – however to do that requires a change in the bylaws and this would require 70% unit owner approval to do amend the bylaws.

6. Schedule next Board/Budget Meeting – October 13, 2022 (Thursday) @ 5:30 PM; Pensacola Library, 239 N. Spring Street PENSACOLA, FL 32502

Completed by Daniel Dorman, Vice President/Secretary

