

Minutes for June 29, 2020

Sand Dollar III Board Meeting

Location: Recreation Room, 8050 A1A South, St. Augustine, FL

Board members present/available by phone for the meeting included:

- Joshua Herbstman, board chair
- Larry Ridley, board member
- Larry Taylor, board member
- Bob Reed, board member
- Charlie Lane, board member

Also present:

Judy Alligood, Coastal Realty

Units represented by their owners calling in included: Units 101, 106, 108, 202, 203, 207, 302, 305, 401, 405, 502, 504, 508, 602, 603, 606, 607, and 608

In total, 37 owners were represented: 33 were present or called in to the meeting, while four (4) owners were represented by proxy.

Proceedings:

1. The meeting was called to order at 10:19 a.m. Ms. Alligood verified that a quorum was established and that timely notice of the meeting had been provided.
2. Mr. Herbstman reminded owners that the minutes of previous board meetings could be accessed through the SD III web site.
3. The minutes of the May 30, 2020 meeting were reviewed. A motion to accept the minutes was made by Mr. Herbstman and seconded by Mr. Taylor. The motion was then unanimously approved.
4. The minutes of the June 2, 2020 meeting were reviewed. The purpose of the meeting was to discuss protocol for elevator repairs. A motion to accept the minutes was made by Mr. Herbstman and seconded by Mr. Taylor. The motion was then unanimously approved.
5. Mr. Larry Ridley then provided a treasurer's report for the fiscal year. The HOA ended the year with slightly less than \$100,000 in its reserves, which is generally deemed to be a minimum level the HOA should seek to maintain at all times, as this reflects positively on the HOA's fiscal health and outlook.

6. During the president's remarks, Mr. Herbstman noted numerous projects around SD III that were pending and needed attention. Those included, for example, the west walkway repairs, landscaping concerns, the potential installation of security cameras, the refurbishment of the elevator, the replacement of the board walks, and numerous unexpected maintenance items.

7. Mr. Herbstman then discussed the hiring of an elevator consultant that will "hold our hand" while elevator repairs are mapped out and eventually made. The consultant's fees will be \$4500. Mr. Taylor has reviewed the contract. All board members were supportive of moving forward with hiring the consultant, as this is a specialized area requiring in-depth knowledge and experience. A homeowner asked about what parts would be replaced and Mr. Herbstman explained that all parts would not be replaced. He then clarified that we would purchase equipment that would not lock the association into one proprietary service company or a sole source provider of parts. A motion to hire the consultant was made by Mr. Herbstman and seconded by Mr. Taylor. The motion was then unanimously approved.

8. Mr. Herbstman next informed the meeting attendees that the services of an engineering consultant had been retained in order to assist in the hiring of a construction company to conduct the repairs of the west side walkway. This will better ensure that repairs are performed by a reputable firm and that costs are appropriately controlled.

9. Ms. Alligood then provided an update on the status of the bank loan process. She indicated that the process was moving forward as expected.

10. Mr. Herbstman then turned the board's attention to the need for a special assessment. Mr. Herbstman noted that the HOA would need to spend significant funds for various project-related expenses over the next 10 years. All of the projects are critical to the long-term needs of the complex. The three main projects include: (a) the repair of the west walkway estimated at \$500,000, (b) the repair and updating of the elevator estimated at \$130,000, and (c) the replacement of the two board walks between Sand Dollar II and IV estimated at \$60,000. These are projects that cannot and should not be deferred to subsequent generations of owners.

The estimated funds needed with interest over the next 10 years are estimated to be \$1,300,000. Three types of assessments over a 10-year period were discussed: (a) an annual assessment of \$2000 per year per unit, (b) an annual assessment of \$2200 per year per unit, and an annual assessment of \$2400 per year per unit. A \$24,000 total assessment per unit (\$2400 per year per unit) would provide the HOA with a much stronger financial footing in year #11 with an estimated \$363,000 in reserves. It was noted that this reserve capacity was needed since the approximately \$100,000 currently in reserves technically should not be spent in the event of emergencies (that is, it should be maintained for purposes of demonstrating financial credibility). The extra reserves could truly be used for the myriad projects and emergencies that arose year over year.

Mr. Herbstman noted that action to be taken would cancel the 2019 assessment of \$5,000 per unit. This assessment would be replaced with the 2020 assessment of either \$20,000 per unit, \$22,000 per unit, or \$24,000 per unit over a 10-year period. It was noted that any payments made toward the 2019 assessment would be credited toward the new 2020 assessment.

Mr. Herbstman polled each board member and all supported the \$24,000 per unit over a 10-year period. Ms. Alligood indicated that this was a fiscally responsible move to take. Mr. Herbstman opened the discussion to owner comment. One homeowner asked if it was possible for the board to pass a motion that would ensure a minimum reserve was maintained over time. Ms. Alligood opined that, although it was possible, future boards could alter this decision.

Mr. Herbstman made the following motion: The Board of Directors votes to repeal the outstanding remainder of the 2019 special assessment. The Board of Directors votes to enact an assessment of \$24,000 per unit as of July 1, 2020. Payments may be made in installments of \$2,400 per calendar year for the next 10 years, with the first payment due by December 31, 2020. Any owner who had paid more than \$1,000 toward the 2019 assessment will have their payments credited toward the 2020 special assessment. The motion was seconded by Mr. Taylor and then unanimously approved by the board.

11. Under new business, Mr. Herbstman described a situation in which one of the SD III owners was experiencing second-hand smoke within their unit as a result of smoking taking place within an adjoining unit. It was alleged that the smoke from the adjoining unit had completely infiltrated the complaining party's unit, despite numerous attempts to filter the air and seal the unit off from the adjoining unit. Ms. Alligood provided the board with a number of options to address smoking on the premises, including the banning of smoking on the premises. She noted that, should the board desire to make SD III a smoke-free facility, it would require approval of 75% of the owners and that the meeting to secure the vote would need to be properly noticed. Several board members and homeowners voiced their support of moving forward with HOA language that would preclude or limit smoking within the complex. Ms. Alligood will develop an amendment to HOA code and covenant restrictions that would address the problem with the possibility of allowing the board to consider taking action in September.

The meeting was adjourned at 11:34 a.m.

Respectfully submitted: Charlie Lane, Secretary