

**MINUTES
SANDPIPER OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING**

September 27, 2017

A meeting of the Board of Directors took place at 5 p.m. on September 27, 2017, at the office of Board Member Terry Hadley at 200 East New England Avenue, Suite 300, Winter Park, Florida 32789. Notice of the meeting was properly posted.

QUORUM

The members of the Board in attendance and establishing a quorum were: Scott Johnson, Terry Hadley, Michael Pollack, Pam Shaw, Jeff Knipe (by phone) and Shawn Morgan. Randy Teagarden, Sandpiper manager, was also in attendance.

MANAGER'S REPORT

- Attached is copy of Randy's report regarding Hurricane Irma damages and updates. Randy also reported that based upon roof damage, we have signed a contract with contractor for approximately \$60,000 for required repair. The roof has had a temporary dry-in. The roof contractor will commence repairs approximately mid-October, to be done by the end of October. Both pools are now operating. The damaged putting green is still being evaluated by the vendor who installed it, to see if it can be repaired and at what cost. We are also waiting for the final word on insurance coverage for the storm, but based upon our deductible, the only potential insurance coverage is for our clean-up expenses. We believe the non-insured expenses to be incurred by the Association will be approximately \$100,000, but could be more. We have the funds on hand to pay for the clean-up and repairs, without an assessment. The Board again thanked Randy and staff for their dedicated efforts to address the impacts of Irma, getting our property back to shape as quickly as they did. Another question concerned water intrusion into certain units where the source of the water may have been rain through the condominium roof damaged during the storm. Since such water damage was to the inside of the condominium units themselves, the unit owner is responsible for their own unit under our condo documents, whether through their making a claim on their own insurance, or out of pocket. The Association is not responsible for those units based on damage caused by an act of God, with no negligence, and where there is no insurance payable to the Association due to the Association deductible.
- Due to the storm impacts, the building stucco/painting project has now been postponed to start approximately mid-October, and will take the rest of the year to complete. A notice will be sent to all owners advising of the new scheduling and arrangements each Owner will need to make to remove furniture from ocean-side balconies where some of the work will take place. We regret that this project will cause inconvenience, but it is a periodically required major project to assure the continued soundness of our building exterior.
- The 2018 major projects will be undertaken as scheduled on the attached list, to be paid out of reserves or operating funds as indicated. Randy will be preparing a schedule for these projects to be undertaken during 2018.

TREASURER'S REPORT

- Michael Pollack prepared the attached written report, which was discussed. The Board reviewed the attached proposed 2018 operating budget and updated 20 year reserve schedule. Upon motion made and seconded, and after discussions, the attached budget was approved for submittal to the Owners in the package that will be mailed to them prior to November 11, 2017 annual meeting of Owners. The proposed budget will be discussed at the annual meeting, and then will be considered for approval at the Board meeting that will be held immediately following the annual meeting. The proposed budget has a slight reduction in the 2018 monthly HOA fee from \$595 to \$590, while keeping the 2018 reserve contribution in an appropriate amount. The Board thanked Michael and Randy for their efforts in preparing the proposed budget and related info for 2018.
- Per the accounting options set forth at the end of Michael's attached report, the Board determined to adopt the status quo, ie, to not currently transfer any additional funds to reserves, as not needed, nor designate any portion of the operating funds as surplus, as we need to see where we stand on the balance of remaining operating funds after paying for the Hurricane Irma repairs and the taxes due on the sale of unit 107 (see attached sheet for computation of those taxes amounting to approximately \$146,000 that need to be paid in 2018).
- It was also acknowledged that for a review of our year end 2017 financial statements, we will have our CPA again prepare an independent review, as opposed to a full audit (saving the Association an audit expense of approximately \$6,000), based upon Owner approval at last year's annual meeting for an independent review for two years as allowed by the Condominium statute (ie, for year end 2016 and 2017).

PLANNING FOR 2017 ANNUAL MEETING OF OWNERS

- The Association annual meeting of Owners will take place November 11, 2017 at 9:30 a.m. in our 7th floor. The two primary purposes of the meeting will include to elect the 2018 Board of Directors, and to have discussion on the proposed 2018 operating budget and reserve schedule. A second mailing of information to all Owners, including the full agenda, will be sent at least two weeks prior to the annual meeting as required.

DISCUSS 7TH FLOOR STATUS

- Discussion took place regarding the status of our 7th floor, with an acknowledgment that it is generally an underutilized common element of the Association throughout the year. To explore all options for discussion, one option is to consider the sale of the 7th floor for conversion to one or two residential units. It was acknowledged that such sale would require approval of 100% of the Owners and all lenders. Investigation is taking place as to whether the County permitting authorities would even allow conversion of the 7th floor into one or two residential units. Discussion will be taking place with County authorities on that issue. In the event the status of 7th floor remains as is without sale, it was acknowledged that the 7th floor needs upgrades of painting and furnishings, for which we

have the funds to undertake in 2018. And perhaps there are other uses to which portions of the 7th floor could be considered, ie, for a fitness/workout area as one idea. The topic of the 7th floor status will be included as an agenda item at the annual meeting of Owners, so that the Board can receive input of the Owners on this topic. It is emphasized that this topic is simply open for discussion, with no decisions to be made without input from Owners.

RENTAL REPORT

Attached is Diane Moreno's updated rental report as of September 27, 2017.

OLD BUSINESS

None.

NEW BUSINESS

None.

There being no further business to come before the Board, the meeting was adjourned at approximately 6:00 p.m.

Submitted,



Scott Johnson
President, Sandpiper Owners Association

Date

9/29/17

Managers Report
SEPTEMBER 21, 2017

HURRICANE IRMA DAMAGES AND UPDATES

- **ROOF** - WE HAVE INCURRED DAMAGES ON BOTH THE NORTH AND SOUTH SIDES THE ROOF. BOTH SIDES HAVE BEEN TEMPORARILY REPAIRED AND PERMANENT REPAIRS SHOULD BEGIN WITHIN THE NEXT THREE WEEKS. TOTAL ESTIMATED COST OF REPAIRS IS 60K.

- **POOLS / POOL HOUSE** - THE POOL HOUSE AND POOLS HAD BEEN BETTER PREPARED FOR THIS STORM. ALL 4 PUMPS WERE REMOVED BEFORE THE STORM AND PLYWOOD HAD BEEN INSTALLED ON WINDOWS AND DOORS. THE ROOMS DID FLOOD AND THERE IS DAMAGE TO ONE OF THE DOORS AND MINOR ELECTRICAL REPAIRS. THE NORTH POOL IS OPEN AT THIS POINT WITH THE SOUTH POOL EXPECTED TO OPEN IN 4 TO 5 DAYS.

- **PUTTING GREEN** - THE PUTTING GREEN ONCE AGAIN SUSTAINED SOME DAMAGE. MOST OF THE DAMAGE WAS A RESULT OF THE WIND. I HAVE MET WITH THE CONTRACTOR WHO INSTALLED THIS AFTER HURRICANE MATTHEW. HE IS GOING TO ADVISE ME AS TO WHAT OUR OPTIONS ARE AS TO RESTORING IT.

- **WATER INTRUSION TO UNITS** – WE HAVE HAD 12 UNITS THAT HAVE HAD WATER INTRUSION THROUGH WINDOWS. AFTER OUR UNIT TO UNIT INSPECTION OUR CARPET SERVICE HAD BEEN NOTIFIED AND THESE UNITS BEGAN RESTORATION ON WEDNESDAY.

APPROXIMATELY 5 UNITS HAD MINOR WATER DAMAGE AS A DIRECT RESULT FROM ROOF DAMAGE.

- **OTHER MINOR DAMAGES** – WE HAVE INCURRED SEVERAL OTHER MORE MINOR DAMAGES WHICH WILL NEED TO BE ADDRESSED. THESE ITEMS INCLUDE:
 - THE FRONT PROPERTY SIGN
 - 12 EXIT SIGNS
 - 4 STAIRWELL GLOBES
 - RECYCLING DOORS
 - MINOR LANDSCAPING

- FIRE ALARM PANEL - THE BUILDING FIRE ALARM WAS TRIGGERED DURING THE STORM. THIS WAS A RESULT OF WIND AND WATER DAMAGE. I CALLED OUR CONTRACTOR AND REPAIRS TO THE SYSTEM WERE MADE.

BUILDING PAINTING PROJECT UPDATES

- DUE TO THE HURRICANE THE PAINTING PROJECT HAS BEEN DELAYED. I AM MEETING WITH THE CONTRACTOR ON THE PROPERTY WEDNESDAY SEPTEMBER 20 AT 9 AM. I HAVE ALREADY GIVEN HIM A DEADLINE DATE OF THE FIRST OF JANUARY TO BE COMPLETED. WORK SHOULD BEGIN APPROXIMATELY MID OCTOBER. THIS WILL START AT THE SOUTH END OF THE BUILDING WORKING TOWARDS THE NORTH.

RANDY TEAGARDEN

SANDPIPER 2018 PROJECTS

Projects from reserves

		code
Shuffleboard court resurfacing	3000	2299
Trash chute	60000	2301
Trash chute doors	8000	2302
Interior renovation common areas	8000	2375
Parking lot resealing and striping	5000	2354
Total	84000	

Projects from operating

Pool deck furniture repair	5000	7220
Total	5000	

Treasurer's Report for Sandpiper Board Meeting 9-27-2017

Current financial Statements

There are no significant departures from budget through 8/31/2017 that have not been discussed at previous Board meetings. Hurricane Matthew increased our operating expenses, and our painting costs (reserve item) are going to be larger than planned in the 2017 budget (\$212K v \$150K). The \$150K in the reserve schedule was based on an estimate Keith received during his tenure. The 20-year reserve schedule for 2018 has been modified to reflect the current bid.

The remainder of this report focuses on the 2018 budget, and relevant documents are attached for review.

Operating Accounts

Our operating account balances 8-31-2017 total approximately \$361,000 (held at BB&T and FCB).

Tax obligations: Approximately \$146,000 in taxes on sale of unit 107 will be due in April, 2018. Our after tax proceeds from the sale will be approximately \$353,962 (see separate sheet for more detail).

Hurricane Irma expenses: Our current estimate for roof repair is \$60,000. As a rough estimate, we can assume an additional \$30,000 in hurricane damages.

Considering the above, our effective operating balance at the end of 2017 should be around \$125,000.

Reserve Accounts

Our reserve account balances 8-31-2017 total approximately \$602,000 (held at BB&T and Schwab).

After painting the building this year for approximately \$212,000, we anticipate that our reserve balance at the end of 2017 will be about \$425,000.

Accounting Options

Transferring funds from operating to reserves:

It is prudent to have a balance of about \$90,000 in our operating accounts at the beginning of the month. This allows us to deal with unexpected expenses short of a major storm. Based on the above, it would be reasonable to transfer \$35,000 from operating account at FCB to reserves. Assuming the transferred funds were left at FCB, our return would not change. The larger starting reserve balance in 2018 would allow us to reduce our contribution to reserves from HOA and thus lower our HOA. On the other hand, we have seen that a bad storm can easily result in \$70,000 to \$100,000 in unanticipated operating expenses. When those funds are in the operating account, we are able to use them to meet

these large, unexpected expenses. If the funds were in the reserves, they could not be transferred back to operating account without a majority vote by owners at a meeting where quorum is present. In this scenario, if a majority did not vote for transfer from reserves to operating, then an assessment might be required. The loss in flexibility conferred by transferring funds from operating to reserves favors a large operating balance provided the return on deposited funds is not compromised.

Designating a portion of the operating funds as surplus

We could also designate a portion of our operating balance as a surplus and reduce the HOA with the goal of using the surplus over the course of the year.

Leaving the status quo

In preparing the attached budget we did not assume a transfer of funds from operating to reserves or designation of any portion of the operating funds as surplus. These choices can be modified at the Board's discretion.

**SANDPIPER CONDOMINIUM ASSOCIATION
PROPOSED 2018 OPERATING BUDGET**

		<u>Projected</u>		<u>Proposed</u>
		<u>2017 Budget</u>	<u>YTD</u> <u>Jan-August, 2017</u>	<u>2017</u> <u>Year End</u>
INCOME				
4000				
4010	Surplus	0	0.00	0.00
4020	Maintenance Fees	599760	399840.00	599760.00
4056	Special assessment	0	0.00	0.00
4060	Late Charges	1000	213.89	400.00
4080	Transfer Fees	300	250.00	300.00
4090	Telephone Income	0	0.00	0.00
4100	Interest from Operating Accounts	40	1426.26	2092.00
4350	Interest from Reserve Accounts	900	1454.91	1600.00
2360	Insurance Settlement	0	2332.35	2332.35
4400	Unit 107 Income	34000	0.00	0.00
4401	Unit 107 sale	0	420145.81	420145.81
4500	Office Rent (salary reimbursement included in 2016)	10200	6800.00	10200.00
4501	Employee expense reimbursement by rental agent	15320	9067.13	15320.00
4999	Miscellaneous/Laundry Income		27.94	27.94
4000	Total Income	661520	841558	1052178
EXPENSES				
5000				
5010	Building Maintenance			
5010	Building Maint -- Supplies	10000	8462.70	10000.00
5011	Building Maint -- Labor	3000	-2845.00	1750.00
5012	Projects	15575	0.00	15575.00
5013	Stucco repair			5000
5014	Railings repair/replacement			0
5015	Steel doors repair/replacement			7000
5089	Elevator Phone Monitoring	1200	1142.33	1200.00
5095	Elevator Contract and maintenance	20300	11367.35	20300.00
5240	Interior Pest Control	3000	2000.00	3000.00
5260	Water/Sewer	9500	5437.50	9500.00
5280	Trash Removal	9000	5986.13	9000.00
5300	Electric Power	23000	10925.31	15893.14
5350	Fire Alarm Maintenance	5000	3164.24	5100.00
5352	Fire Alarm Monitoring	2000	246.02	500.00
5400	Cable Service	45500	34013.92	58309.58
5450	Miscellaneous/Contingency	18600	46732.42	50000.00
5000	Total Building Maint	165675	126633	200128
6000				
6040	Grounds Maintenance			20160
6040	Contracted Lawn Service	16000	10860.00	15737
6041	Grounds Maint -- Supplies	1500	1685.00	2889
6080	Lawn Spraying	2000	900.00	1543
6140	Water - Irrigation	12500	9685.99	13917
6000	Total Grounds Maintenance	32000	23131	34086
7000				
7040	Pool & Clubhouse Expense			15000
7060	Contracted Pool Service	15000	7966.81	13657
7060	Chemicals/Supplies	250	340.00	583
7070	Pool Heating (Gas)	12000	7304.90	12523
7080	Pool Equipment Repair	6000	1000.00	1714
7220	Furniture Maintenance	1000	197.56	339
7000	Total Pool & CH Expense	34250	16809	28816
8000				
8012	Management & Admin			126640
8012	Payroll (did not include manager in 2016)	121640	84099.30	125301
8013	Payroll Taxes	11116	8307.88	12964
8040	Postage	1000	98.00	1000
8050	Unit 107 Monthly HOA	7140	230.32	230
8051	Unit 107 Maint, Utilities, Rental Comm	7500	190.97	191
8060	Copies/Printing/Supplies	1500	1559.73	3000
8064	Computer	1500	226.56	1500
8080	Accounting	12100	6800.00	12100
8081	Unit 107 Property Tax	11000	0.00	0
8100	Legal	1000	0.00	0
8120	Insurance (gen liability, wind, D&O, fire, vandalism)	80093	65280.38	80093
8122	Flood Insurance	22700	12869.40	22700
8160	Telephone/Fax	11000	2508.91	5995
8161	Internet Service	6060	5559.92	8338
8190	Miscellaneous/Contingency	11620	1134.48	2000.00
8230	Bank Charges	1300	40.00	70
8300	Group Health Insurance	7200	6000.00	7200
8375	Office Expense	1000	1327.00	2275
8390	Uniform Business Report	65	0.00	65
8440	Security	1500	0.00	0.00
8442	Dues/Licenses/Permits	1000	786.25	1000
8460	Bureau Of Condo Fees	400	336.00	400
8000	Total Management & Admin	319434	197355	286422
	Total Operating Expenses	551359	363928.28	549452
	Total Reserve Contribution	110161		77207
	Total Expense	661520		626640
	2017 Monthly maintenance fee			590.00

Sandpiper Owners Association
Sale of Unit 107

Gross proceeds	515,000.00
Sale expenses	(14,642.92)
Net proceeds	500,357.08
Original basis	(168,153.41)
Gain on original basis	332,203.67
Depreciation recapture	87,923.64
Taxable amount after adding back depreciation recapture	420,127.31
Federal tax at 30%	(126,038.19)
Proceeds after expenses and federal taxes	294,089.12
Florida taxable amount before exemption	420,127.31
Florida taxable amount after \$50,000 exemption	370,127.31
Florida tax @ 5.5%	(20,357.00)
Total Tax due April, 2018	(146,395.20)
Net proceeds after federal and state taxes	353,961.88

SOUTH BEACH RESORT PROPERTIES, LLC

SANDPIPER RENTAL PROGRAM

RENTAL REPORT SEPTEMBER 27, 2017

Month	2016		2017	
	Rental Income	Commission	Rental Income	Commission
			* Jan - Sept	* Jan - Sept
January	\$89,843.00	\$12,578.03	\$94,377.07	\$14,156.56
February	\$166,493.06	\$23,309.03	\$141,952.86	\$21,292.93
March	\$212,540.14	\$29,755.62	\$177,112.14	\$26,567.29
April	\$59,095.00	\$8,273.30	\$118,494.99	\$17,774.25
May	\$66,488.57	\$9,308.40	\$38,628.57	\$5,794.29
June	\$163,708.28	\$2,919.16	\$152,927.14	\$22,939.07
July	\$214,314.50	\$30,004.03	\$259,086.00	\$38,862.90
August	\$63,733.00	\$8,922.62	\$102,373.55	\$15,356.03
September	\$42,170.00	\$5,903.80	\$30,183.56	\$4,527.53
October	\$3,440.00	\$481.00		
November	\$27,750.00	\$3,885.00		
December	\$15,453.56	\$2,163.50		
Totals	\$1,125,029.17	\$137,503.49	\$1,115,135.88	\$167,270.85

We made it through another summer, with strong rental revenue increases during the months of July and August, and most of our guests already booked for the summer of 2018. Hurricane IRMA managed to mess things up for a few rentals, however, due to the hard work of the Sandpiper team, we were able to get the property up and running to accommodate 5 rentals during this week. Currently, we are offering specials for renters who book with us during the months of October, November and December partially due to the pending building painting project. I am projecting an increase in total rental revenue by the years end.

No Current listings

Sales

107 sold for \$515,000.00

407 sold for \$525,000.00

312 sold for \$665,000.00

411 sold for \$587,500.00

504 sold for \$720,000.00

SOUTH BEACH RESORT PROPERTIES, LLC

SANDPIPER RENTAL PROGRAM

RENTAL REPORT SEPTEMBER 27, 2017 (Con't)

Sandpiper Marketing Expenses by Category		
	2016	2017
		*Jan-Sep
Barefoot Software	\$3000.00	\$2,250.00
Rent Expert Vacation Home Rentals	\$2713.20	
Vrbo / Homeaway/Flip Key	\$848.00	\$1239.00
Office Supplies	\$782.00	\$945.50
Orlando Sentinel	\$900.00	
Sandpiper Website	\$1750.00	\$1498.40
Virtual Tours	\$2200.00	\$1953.75
Mail Outs - Brochures		
Chamber Of Commerce Advertising	\$355.00	\$775.00
Office Rent	\$10,200.00	\$7650.00
Admin	\$14,682.00	\$10,516.63
Credit Card Fees	\$28,746.11	\$23,775.52
Totals	\$66,176.31	\$50,603.80

Thank you,

Diane Moreno

Broker

South Beach Resort Properties, LLC

386 689 0160