

SANDPIPER OWNERS ASSOCIATION, INC.
MINUTES OF ANNUAL MEETING OF OWNERS
November 3, 2018

The 2018 Annual Meeting of Owners of Sandpiper Owners Association, Inc. took place on Saturday, November 3, 2018, at the 7th floor recreation room of the condominium.

1. **Meeting Called to Order.** The meeting was called to order by President Scott Johnson at 9:30 a.m. Scott welcomed the Owners in attendance to the refurbished 7th floor recreation room which has now been completed. Scott thanked the 5 person committee that oversaw the refurbishment, including Owners Mary Johnson, Rhonda Pearlman, Eugenia Sefcik and Pam Shaw, together with Diane Moreno, our on-site rental manager and broker. Scott also advised that for now, the Board determined there would be no change to the existing furniture or artwork; and discussion of an exercise equipment area has been tabled for further discussion, but approval not currently likely based on those that have commented, and based on issues of proposed lack of overall use, liability and noise, including to units underneath the area that could be used.
2. **Certified Quorum.** A quorum of the required Owners was certified to conduct the meeting, with at least 43 Owners in attendance either in person or proxy.
3. **Proof of the Annual Membership Meeting.** Proof of the notice of the meeting was certified by Scott as being properly sent and posted.
4. **All Minutes from Prior Meetings.** 2017 Annual meeting and Budget meeting minutes, and all Board meeting minutes since then, were previously approved and distributed to Owners. No further approval was required.
5. **Introduction of Owners and Staff.** Scott first advised that Randy Teagarden was not able to be in attendance due to his current health situation, and Silvia Isele was still on leave for her father's passing. Diane Moreno was recognized for her additional efforts on behalf of the Association to oversee operations in the absence of Randy and Silvia. Our new maintenance person, Shawn Weisner, was also recognized and thanked for helping set up the meeting and for the job he is doing. Then all Owners present at the meeting introduced themselves.
6. **Recognize Owners Who have Passed Away Since 2017 Annual Meeting.**
 - None
7. **Introduction of New Owners.** Scott recognized new Owners at Sandpiper since the 2017 Annual Meeting, being Kent and Teresa Akins (Unit 505).
8. **Election of Board of Directors for 2019.** One of the primary purposes of this meeting was the election of Directors for 2019. Current Directors whose terms continue are Bucky Hurt, Michael Pollack, Rhonda Pearlman and Dave Kaczmarek. Two current

Directors had terms expiring at this Annual Meeting, which were Scott Johnson and Terry Hadley. Scott and Terry agreed to serve another term if elected. Pam Shaw elected to step off the Board. Association solicitation for new Board members yielded 5 Owners, being Diane Browning, Henry Besten, Ruth Delaporte, Tiffany Lytle and Kenny Schwartz. Since there would be 7 candidates for 7 vacancies, and with the continued Board service of 4 Directors, there was no contested election necessary. Accordingly, upon motion made and seconded, and with no further discussion, the slate of 7 Board members was elected, joining the 4 remaining Board members, now totaling the maximum allowed 11 Board members for 2019. Pam Shaw was thanked for her years of service. And continuing Directors who were not in attendance were recognized, being Rhonda Pearlman and Bucky Hurt.

9. **Treasurer's Report.** Scott introduced an overview of topics to be discussed during the Treasurer's Report, thereafter followed by Treasurer Michael Pollack providing a written report, from which he also gave an oral report. A copy of the report is attached to these minutes. Michael addressed the 2018 financials to date, which are all in order. He then provided information for the preparation of the proposed 2019 budget and reserve funding and schedule for Owner discussion. There were no points of discussion. Consideration of official adoption of the proposed 2019 budget will take place at the Board of Directors Meeting to follow this Annual Meeting. Thanks was given to Michael and Randy for their efforts in preparing the proposed 2019 budget and reserve funding and schedule for presentation to the Owners.

Scott then introduced the topic to conduct a vote recommended by the Board to waive the CPA audit of 2018 year-end financial statements, and instead, have the CPA perform an independent review. Upon motion made and seconded, and without further discussion, the Owners' vote was unanimous to approve the waiver of the audit of the 2018 year-end financial statements. This will save the Association approximately \$5,000.

10. **Manager's Report.** In the absence of Randy Teagarden, property manager, Scott provided an oral report. The primary discussion identified the completion of major projects during 2018, including the shuffleboard court, putting green, 7th floor refurbishment, sealing and waterproofing of the exterior of the building, sealing of the parking lot, and current repair to be undertaken of the roof fascia near the south parking lot on the west side of the building. The 2019 major projects to be addressed include the roof, the trash chutes and doors, railings on both the balconies and west side walkways and addressing the landscaping where necessary. Scott also indicated that we continue to have several areas of the building that have water intrusion during storms, which we think is coming from the roof. That is currently being addressed, with the goal of having a completely water tight building.
11. **Rental Report.** Diane Moreno provided a written rental report (copy attached), from which she made oral comments. We have a robust rental program under the leadership of Diane. Diane advised of further advertising strategy she has adopted to increase exposure of Sandpiper to the rental market.

12. **Old Business.** There was no old business to come before the meeting.

13. **New Business.**

Scott introduced discussion to review a list of certain comments or concerns received from Owners over the past year, so that Owners would know of such list, and so that such items could also be commented on by Owners at this meeting. The list included:

- Communications between the Board and Owners (it was noted that the Board believes there is appropriate and effective current communication, including by Board announcements posted on the Sandpiper Owners' website, which includes proposed agendas of all meetings, minutes of all meetings, and copies of all notices of relevant information emailed to Owners; that any Owner has an opportunity to attend any Board meeting if interested, pursuant to agendas that are posted in advance; and that any Board member or staff is available to be contacted regarding any issue or concern);
- Construction activities by unit Owners for upgrading their units (we have had instances of noise that has bothered renters or near-by unit Owners, and we ask that any proposed renovation of a unit be announced in advance to the office so that we know about it, and so that near-by unit Owners and renters can be advised to expect some noise);
- Elevator maintenance (noting that our elevators have been down at certain times, primarily due to periodic wear and tear issues, but we have our maintenance contractor, Oracle, on notice to timely address any issues to keep our elevators working);
- Heating of north pool an additional month in the Winter (a unit Owner had requested an additional month of May for heating the north swimming pool; however it was noted that heating the pools is expensive, and the cost for an additional month would not be worth the benefit, including since it was one unit Owner making the request versus lack of more demand);
- Umbrellas placed in their down position when daily use is completed (noting that to avoid damage to umbrellas during storms or other instances of high winds, Owners are reminded to lower the umbrellas at the end of their use each day, and that the staff at end of office days reminds users to do so when users are done with their use);
- Improperly attempting to reserve pool chairs with towels (noting that we have a rule prohibiting such attempt to reserve chairs, and the towels will be removed if the chairs are not used within 30 minutes; renters are also made aware of this rule);

- Inspection of all units for potential water leaks (noting that a letter was recently emailed to all unit Owners to at least self-inspect their units, with a list of fixtures to inspect; Owner Linda Barresi also made an oral presentation at the meeting, advising of her unit and 6 other unit Owners employed a professional inspector which she recommended be done; and attached to these minutes is a list provided by Linda at the meeting identifying suggestions for Owners, and further Board consideration);
- All mailings to Owners being done by email versus hard copy regular mail, including the required 2 notices for annual meetings, which will avoid postage expense and labor of office for such mailings (noting that since most all Owners now use email as part of a regular communication process, the Owners in attendance agreed that sending such notices by email in the future would be a good idea; also noting that there was at least one Owner who does not use email and hard mailing would continue, including if there are any other Owners needing regular mail);
- Ground floor bathroom near the office for access after-hours (noting that gate keys unlock the bottom lock; however, during the Summer when Sandpiper is busy, the staff has determined to double-lock the door so that there is no access during non-office hours based upon some vandalism issues we have experienced if allowed to be unlocked during the Summer months during after-office hours);
- The 4 access gates around the perimeter of our property continue to be periodically left open by persons coming and going (noting that the staff and most Owners keep the gates locked, and all we can do is remind Owners and renters to do so, with staff continuing to close gates when they are opened as they periodically walk the property);
- Late fee notices for untimely payment of monthly maintenance fees (noting that we have only a couple of late payment issues from time to time, and that any Owner determined to be late will first be contacted by phone as a reminder (which normally solves the issue), before a written notice with late payment fees is sent);
- Enforcement of rules (noting that Sandpiper has a set of rules in place for the enjoyment of Owners, renters and guests, and that the staff is to enforce the rules; also noting that if Owners see a rule being violated, the best practice is to report the violation to the office (assuming the office is open); or in their discretion addressing the rule violation with the violator).
- Suggestion of Owner that access stairs be replaced at north end of seawall from beach, and possibly added to south end of seawall from beach (response is that Board had previously addressed this and determined not to proceed, for at least two reasons. One, in the past, when we had stairs at least at north end, high tides continually damaged or washed them away, so a constant maintenance challenge; two, even if we constructed more permanent stairs, like concrete, stairs at one or

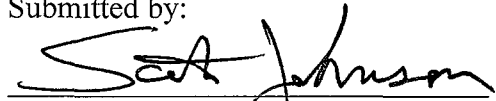
both ends of our property would be attractive for unauthorized access to and from our property, which can't be as easily controlled/protected as we currently can with the permanent stairs located at the center of our beachfront access).

14. **Owners' Questions and Comments.**

Scott asked if there were any other questions or comments from the Owners on any topic; there were none.

15. **Adjournment.** There being no further business to come before the Annual Meeting of the Owners, the meeting was adjourned at approximately 11:00 a.m.

Submitted by:



Scott J. Johnson, President
(in absence of Secretary at the meeting)

Date: 11/7/18

TREASURER'S REPORT

Sandpiper Annual Meeting 11-3-2018

Topics

1. Financial management and construction of budget
2. 2018 budget YTD
3. 2019 budget

Financial Management

We receive detailed monthly financial statements from our accountant at Charles Belote & Assoc. This company also prepared our income tax return for 2017 and conducted an independent, end-of-year review, which found our finances to be in order. Our accountant reconciles our monthly bank account statements in conjunction with preparation of monthly financial statements.

Sandpiper pays invoices twice a month. Our property manager is responsible for assembling, reviewing, and coding the invoices. He then submits them to Treasurer and President, who review them independently. Treasurer then submits invoices to accountant for payment. We have accounts at 3 financial institutions: BB&T, Florida Community Bank, and Charles Schwab. Operating funds are in checking and money market accounts. Reserve funds are in money market funds and CDs.

Construction of Budget

We use the pooled method of accounting for our reserves.

The State of Florida does not specify the length of our reserve schedule. We have continued to show a 20 year reserve schedule, which Board considers to be conservative.

We list the reserve items with their costs as well as useful and remaining lives. Items that must be included in the reserve schedule are those that exceed \$10,000 and are replaced less often than annually. Less expensive items and recurring, annual expenses are generally listed in the operating budget.

2018 Budget YTD

This discussion is based on the financial statements for 9-30-2018.

Our operating account balances total approximately \$139,000 and our reserve account balances total approximately \$473,000.

Income: Our income, derived chiefly from HOA fees and front office rent, is on target.

Expenses: Our total operating expense YTD is about \$20,000 under budget. Notably we have spent less than anticipated on elevator maintenance, and office telephone /fax expense has been eliminated by current internet service. These 2 items account for \$18,000 of the \$20,000 under budget YTD. The "building contingency" account, which includes a miscellaneous group of expenses, exceeded budget by about \$17,000 YTD. Most of these expenses were hurricane related.

Projects: All planned 2018 projects except the upgrade of trash chutes and doors, for which we budgeted \$68,000, have been completed. Scott will discuss this project further.

2019 Proposed Budget

The 2019 proposed budget includes an increase in monthly HOA from \$590 to \$595. Our projected operating income in 2019 will be about \$5000 greater than in 2018 because of the change in HOA fee and anticipated increase in interest rates. Reserve contribution will increase by about \$6000.

Projects included in the 2019 budget include partial roof replacement and repair for \$120,000. Our reserve schedule previously anticipated a more expensive roof upgrade in 2020.

Michael Pollack
Treasurer

SOUTH BEACH RESORT PROPERTIES, LLC

SANDPIPER RENTAL PROGRAM

RENTAL REPORT OCTOBER 2018

| Month | 2017 | | 2018 | |
|------------------|-----------------------|---------------------|------------------------|------------------------|
| | Rental Income | Commission | Rental Income | Commission |
| | | | * Jan - October | * Jan - October |
| January | \$94,377.07 | \$14,156.56 | \$141,176.90 | \$21,176.53 |
| February | \$141,952.86 | \$21,292.93 | \$176,565.83 | \$26,484.87 |
| March | \$177,112.14 | \$26,567.29 | \$187,063.04 | \$28,059.45 |
| April | \$118,494.99 | \$17,774.25 | \$103,442.59 | \$15,516.39 |
| May | \$38,628.57 | \$5,794.29 | \$43,980.35 | \$6,597.05 |
| June | \$152,927.14 | \$22,939.07 | \$182,121.43 | \$27,318.21 |
| July | \$259,086.00 | \$38,862.90 | \$242,245.00 | \$36,336.75 |
| August | \$102,373.55 | \$15,356.03 | \$127,282.13 | \$19,092.32 |
| September | \$11,334.29 | \$1,700.14 | \$36,616.00 | \$5,492.40 |
| October | \$10,077.00 | \$1,511.55 | \$5,150.00 | \$772.50 |
| November | \$21,528.57 | \$3,229.28 | | |
| December | \$7,400.00 | \$1,110.00 | | |
| Totals | \$1,135,292.18 | \$170,294.29 | | |

Happy fall!! First 9 months of the year show revenue increases in almost every month. Red Tide has definitely affected rentals for the months of October and November, depending on how long it hangs around December may be impacted as well. Couple of things I am currently working on is integrating our rental program and all our rental condos with several of the major on line rental booking sites. The process has taken quite a bit of time, and has been a learning experience. We should be live on booking.com by the latest next week and the other sites in another two weeks. Through the Visitors Center, We have chosen to advertise with Meredith Corporation and Adara. Meredith owns several publications: Southern Living, Coastal Living, Travel + Leisure, Food & Wine, Time, People, InStyle, Fortune, among others, Sandpiper's digital ad will appear across their entire network on all sites that they own for varying dates/times.

Adara collects, organizes, segments and analyzes real-time, first party travel data. They have a partnership with major global brands such as Marriott, Hyatt, American Airlines, United, Hertz, Avis (so our ad will appear on these sites and smaller ones such as Huffington Post, Washington Post, NY Times. Adara advertises on hundreds of sites). The important thing with Adara is that they get first-party access into those major global brands' booking engines so they can actually track and see bookings in real time. With

Adara, we'll be able to fully track the time someone saw our ad to the time they booked their flight to the area and their reservation. Digital ads will run January thru March 2019 and July through September 2019.

Current listings

608 listed for \$565,000 under contract

Current sales

505 sold for \$715,000

SOUTH BEACH RESORT PROPERTIES, LLC

SANDPIPER RENTAL PROGRAM

RENTAL REPORT OCTOBER, 2018

| Sandpiper Marketing Expenses by Category | | |
|---|--------------------|--------------------|
| | 2017 | 2018 |
| | | *Jan-Oct |
| Barefoot Software | \$3000.00 | \$2750.00 |
| HOMEAWAY/VRBO | \$8,027.44 | \$1000.00 |
| NEW SMYRNA VISTORS CENTER | | \$500.00 |
| Office Supplies | \$1,987.94 | \$1,249.94 |
| Orlando Sentinel | \$750.00 | |
| Sandpiper Website/ Google ad | \$1,970.39 | \$2,139.00 |
| Virtual Tours | \$3,033.40 | \$2215.00 |
| Mail Outs – Brochures-Guest marketing/Sandpiper Towels | \$1,200.00 | \$2,610.70 |
| Chamber Of Commerce Advertising | \$330.00 | \$330.00 |
| Office Rent | \$10,200.00 | \$9500.00 |
| Admin | \$15,234.88 | \$12,470.00 |
| Credit Card Fees | \$33,358.40 | \$26,795.03 |
| Banner advertising/ Google 360 | \$1,364.00 | \$150.00 |
| Totals | \$80,456.45 | \$61,709.67 |

Thank you,

Diane Moreno

Broker

South Beach Resort Properties, LLC

**Report of Owner Linda Barresi Provided to Sandpiper Owners' Meeting
on 11/03/18 re: unit inspection for water leaks**

Water Issues Found During Inspections Performed on 7 Sandpiper Units on 10/27/2018

REFRIGERATOR:

1. Plastic hose noted on all 7 units for the water supply/ice maker to the fridge. These should be changed out with a reinforced material (**braided stainless-steel**) to prevent water leaks.

MAIN LINE:

2. A few of the units had the main shut off valves located behind the hot water heaters about 4 inches from the base board. It was highly recommended to replace the shut off valves for easy access and easier control. It is recommended to be replaced with (**new ball type valve**) (it's a metal lever) and please label boldly so all guests will be able to find if needed.

SUPPLY LINES:

3. A couple of the units have supply lines to the toilets and sink supplies that are a plastic material. These should be changed out with a reinforced product (**braided stainless-steel**) to prevent leaks and/or property damage.

PRIMARY HEATING SYSTEM CONDITION:

4. The filter(s) for the A/C system should be changed periodically, once a month, to maintain the unit and keep the unit running at optimal performance. A couple of the units had very **filthy filters**. It is also recommended that the lines be cleaned out periodically to prevent the condensation from building up with slug build up. (a gallon of hot water and a cup of vinegar is best).

WASHER AND DRYER:

5. It is recommended to replace the rubber hoses for the clothes washer with (**steel reinforced**) hoses to prevent property damage in the event of the rubber hoses splitting or bursting.
It is also suggested securing the drain hose to prevent the line from popping out of drain.

BATHROOM:

6. One of the unit's registered moisture on the tile shower wall near the hot supply valve and most likely due to a simple fix of **re-grouting** around the cracked grout line.

The inspections were performed by a home inspector team I have used for over 10 years with all their expertise and tools (water meter and infrared device). I feel like a simple visual inspection by owners is not enough. Three of the 7 units inspected had active water leaks. All were found in the bathrooms, 2 were minor and one was significant that had already created moisture in the bathroom ceiling in the unit below it. All of the 7 units had recommendations of replacing some of their water supply lines due to the age and wear and tear. The cost of the inspection (\$95) and the cost of these repairs and preventive replacement water supply lines are far cheaper than the devastation one major leak can cause. I would like to recommend to the board an increase in the monthly dues of \$8.00 to cover the cost of an annual inspection that would help with the protection of our property from the consequences of water intrusion.