

Approved
THE GULFSTREAM COUNCIL OF CO-OWNERS, INC.
BOARD OF DIRECTOR'S MEETING MINUTES
August 23, 2014

PRESENT

Wesley Rogers-Vice President
Morton Plumb-Director
Tommy Fox-Treasurer
Barbara Gideon-Secretary
Gerald Boynton-Director

ABSENT

Alice Rosenberg-Director
Steve Fechner-Director
Richard Brandl-President

MANAGEMENT

Tisha Mende-GM
Wesley Barta-Maint
Dustin Hall-Office
Charlotte Swan-Office
Alma Balarin-Hskp.
Robert Balarin-Maint

GUESTS

Beverly Rogers-CPA
Natalie Klostermann-Auditor
Scott Haskill-NEI
Lewis Shrier-NEI
Greg Avery, Smith&Sons
Sid Smith, Smith&Sons
Freddie Martinez,
Southside Plumbing

I. CALL TO ORDER

- The meeting was called to order at 8:45 a.m. with a quorum verified.

II. INTRODUCTIONS

- Board Members
- Management
- Guests

III. APPROVAL OF MINUTES

Motion: Gerald Boynton made a motion, which was seconded by Morton Plumb, to approve the June 21, 2014 Board Meeting Minutes. The motion was approved and passed unanimously.

IV. FINANCIAL REPORTS: Beverly Rogers, CPA gave the following report:(See Financial Report)

- Cash in the bank is \$1,086,000. Operations are at a positive \$3,045 year to date actual and the budget was at \$6,600 so we are about \$3,500 behind. The insurance is at a positive \$3,800. The rental is at a positive \$242,000 which will be needed through the rest of the year. The capital reserve is at a positive \$30,000.
- Pages six through eleven of the budget are the profit and loss budget and it is going the way it is suppose to. On page two is the Security Service CD which is at \$53,000.

V. GUEST SPEAKER – Sid Smith, S.S. Smith and Sons

- Tisha Mende noted that the contract with S.S. Smith & Sons Masonry Inc. has been signed and all the needed changes were made. The project will start on September 2nd. Smith and Sons is going to use hydraulic scaffolding instead of regular scaffolding.
- Discussion ensued on hiring a plumbing contractor to replace the plumbing alongside Building C's wall.
- Discussion ensued on the condition of the wall on the 5th floor as unit 518 was having mold issues and to evaluate the condition of the interior wall once the outside wall was removed to determine the extent of mold. If not bad can take a 10% bleach solution and soak everything down.
- The Board Members went to the parking lot and looked at the brick samples provided by Smith and Sons. Smith & Sons agreed to provide another brick sample using khaki colored grout by Tuesday.

VI. GUEST SPEAKER – Natalie Klostermann, CPA, Auditor

- Wesley Rogers stated that at the Annual Owner Meeting Natalie Klostermann, CPA, will give a flash report and answer any questions. Beverly Rogers stated that she will not be making a presentation at the Annual Owner Meeting.
- Natalie Klostermann said the audit ended up with a clean opinion. As far as accounting is concerned it is almost running on autopilot which is good. The reports are timely; the accounting information that gets to Beverly Rogers is timely. Everything is documented, occupancy tax, payroll tax, sales tax were all filed timely and any applicable discounts that are available are taken. The ending cash was over \$1, 000,000 and most of that is in the rental fund because of advance deposits in for the summer season.

- Gulfstream had another record year in rentals and another record year in distributions. The special assessment that began in the year before was \$1,600,000 and this fiscal year another \$470,000 was collected for projects. The capital reserve ended up with preliminary net income but the excess was moved into the deferred revenue for future costs so there is now \$291,000 in deferred assessments for future costs. The five-year plan has substantial repairs and replacements coming up. I think the Gulfstream is one of the strongest financial statements that I have seen and I audit about twenty condominium projects so management and the Board are doing a very good job.
- The cash balances are good; all of the account payables were paid in June. Everything was supported when the invoices were selected. Total revenues were a record year where you were only about \$20,000 under \$2,000,000 in gross rents. There was water damage this year; \$20,000 was collected and the overall repairs were \$25,000 so that \$20,000.00 was reported under other income.
- The distributions this year were over \$1,300,000; about 66% goes back to the owners and that is one of the highest percentages that I have seen out of all of the condominium associations that I audit.
- Your highest expenditures are utilities, your salaries, your payroll taxes and health insurance. The overall net loss or net income by fund, the homeowners, the insurance, the capital reserve and the special assessment fund, whatever they ended up with on a preliminary basis was moved to the capital reserve fund and that created your deferred assessment to go into next year.
- I looked at all the bank statements and all of the cancelled checks for dual signatures; the policy is that two signatures are required on checks of \$5,000 or more. There were sixty-two checks that met the criteria and there was one check that did not have dual signatures. All the payments to the vendors were timely. I was pleased by the manner I received the information and while I was here the front desk was very courteous. This is a very well run association.
- **Meeting adjourned at 9:50 a.m.**
- **Convened to Executive Session without management at 9:51 a.m.**
- **Executive Session adjourned at 9:59 a.m.**
- **Meeting reconvened at 10:00 a.m.**

VII. MANAGEMENT REPORTS

- a. **Maintenance Report-** Wesley Barta gave the following report indicating that the maintenance crew had done the following: (See Maintenance Report)
- Rebuilt railing and cap rail on a couple of patios.
 - Rebuilt section of fence in parking lot.
 - Rinsed off A/C condensing units on the roof and sprayed the coils with MicroKleen.
 - Re-glued some step noses on the stairwell.
 - Installed a couple of water heaters.
 - Greased wheels on all the luggage carts.
 - Did water penetration test on all walkway windows.
 - Made a bench out of the planter outside.
 - Repainted Gulfstream sign by the road.
 - Trimmed palm trees by the road.
 - Wesley Barta said they inspect the air conditioners every six months. The next inspection will be in October.
 - Robert Balarin said that there were a few air conditioners that are taking a pretty good hit.
 - Gerald Boynton noted that the grounds have been hit pretty hard with the summer traffic and some of the coatings are bubbling up and the walkways are looking dirty. Wesley Barta indicated that they would be addressing those areas.
 - Tisha Mende commented that the peak season is over so maintenance will begin their capital maintenance and the walkways are one of the items that will be addressed even though we have not been able to get all of the concrete repair work done on the walkways.

- Southern Industry comes every fall to perform walkway patch work where needed but this will be performed by maintenance.
 - The critical concrete repair work used to start up in the fall but the Board decided to do it by building and I am waiting for the engineers concrete inspection report.
 - Lewis Shrier said he was going to have his engineer come out next week and do the inspection so I will put Robert Balarin with him so he can update his list as to what is considered critical and the Board can decide if we are going to do the critical areas or finish Building B.
 - Discussion ensued regarding the cleanliness of the elevators and the condition of the hand typed signs.
- b. Housekeeping Report-** Alma Balarin reported on the following:
- We have had a very busy summer and it has been hard keeping employees.
 - We are getting ready to start deep cleaning and getting ready for the Annual Owner Meeting.
- c. General Manager Report-** Tisha Mende reported on the following: (See Manager Report)
- We had another record- breaking month in July with \$533,156 in revenues.
 - The premium for the flood insurance has been received and the increase was \$1,816. I have already adjusted that in the revised budget. The property insurance deductible went from \$10,000 to \$25,000 for water damage claims. According to our agent more and more policies are excluding water damage.
 - We received a dividend for \$8,970.30 from Texas Mutual which is the company that writes our worker's compensation. Since 2006 we have collected \$52,000 in dividends for low casualty. Beverly Rogers books the dividend checks into other income.

Motion: Morton Plumb made a motion, which was seconded by Wesley Rogers, to dedicate any dividends received from Texas Mutual Insurance back into the Insurance account for future use. The motion was approved and passed unanimously.

- I revised the HOA to reflect the \$3,000 that was allocated for furnishings for Unit 101.
- The Capital Reserve budget was revised to reflect the correct amount for the Masonry project. When we added the contingencies it bumped up to \$111,000 so I adjusted that but there will be other adjustments made to the Capital Reserve. All of the invoices for the engineer for the masonry project were dated in May so they were booked into 2013-2014 fiscal year so I will be changing that on the plan.
- Alex Santoy from maintenance resigned due to a job opportunity.
- I had an unemployment hearing on a housekeeper who was here for about 1 year. I have another hearing on Monday.
- The worker's compensation claim went into peer review, which means they hired another physician who is not taking care of the patient, and it was determined that she only had a 10% impairment rating which is important because each percentage is calculated by the number of weeks you get paid. The higher the percentage then the higher the payout.
- According to the audit there is \$133,118.13 excess rental income which will be distributed to the owners participating in the rental operation.
- A bad phone card had to be replaced.
- Tisha Mende said that she continues to work on the Wi-Fi problems. SMC who was the company that we purchased the equipment from have two demos in place. All of the temporaries have failed and the chip sets are obsolete so we are not able to repair the modems. CompuIntegration found a company called EnGenious and their two demos seem to be working very well with our system. They put in another demo called Netsys which was superseding and overriding EnGenious. I had those demos pulled out. The objective is to just replace the forty-four routers and not replaced the two DSL switches. I think eventually we will have to go to fiber optics because it runs parallel and they match coming in and going out so there is no fluctuation in signal strength. The Board discussed going to fiber optics.
- Unit 108 had a backflow in the kitchen. Maintenance and housekeeping started the cleanup right away so there was not a lot of damage. The contractor came out and pulled the carpet and pad and dried it out.

No claim was submitted because the cost was a little over five hundred dollars.

- The fire barrier has been put in place which is going to help with the construction project.
- The relief valves drain into the drain lines on the water heaters and I had maintenance inspect all of them.
- Tisha Mende reported on the preconstruction meeting and discussion ensued regarding a change order for the plumbing work needing to be done in Building C.
- Discussion regarding the walkway windows ensued regarding their design. Wesley Rogers explained that the walkway windows are designed so that wind driven rain or water from a garden hose goes into the track on the inside of the windows but does not stay there. The track has drain holes that the water goes out of that we did not know about. You will have some dampness on the track until it dries out. We did find out that there is some maintenance that we were not aware of to be performed on the walkway windows every one to two years. You need to take the windows out, take the track out and wipe down from the inside because it will collect dust and eventually might clog up the weep holes. Lee Little said if you get water coming out of the track you need to call him so that he can repair or replace it. Wesley Rogers noted that the screws are supposed to be sealed so you cannot get penetration into the wall. He said that WinDoor has a scheduled trip to the Gulfstream in September and that we should call and cancel it.
- The Board also looked at the new furnishings in Unit 101.
- Last year the annual packet to all of the owners did not go out until October 3rd because we could not get resumes and I have not received resumes from any owners to be considered for the Board this year. The Board discussed the four positions to be filled on the Board. Barbara Gideon and Tisha Mende will put together a letter to the owners to encourage participation on the Board which will be sent out with the August statements.
- The Board discussed some agenda changes for the Annual Owner Meeting including moving the introduction of candidates after the auditor report. Tisha Mende will talk to Dick Brandl about these changes.

VIII. OLD BUSINESS

a. Masonry Repair – Final Contract

- Wesley Rogers noted that we have a contract for \$11,600 to include fifteen visits to the site. The proposal describes that it will be billed on a per hour basis so the \$11,600 is an estimate.

Motion: Barbara Gideon made a motion, which was seconded by Tommy Fox, to accept the proposal for construction administration to include field observations submitted by Naismith. The motion was approved and passed unanimously.

- Wesley Rogers said this is the first time that Dick Brandl can remember us hiring an offsite project manager. In doing this we are relieving management from any responsibility or liability other than to make the Board aware of any discrepancies. If something comes to her attention then she needs to notify the Board immediately. Tommy Fox said that he would be checking in on the work also. Morton Plumb suggested that we formalize that there will be a monthly meeting with Tommy Fox, Tisha Mende and Naismith.
- Tisha Mende noted that there will be a time when the units in Building C will not be rented due to noise and safety.
- Tisha Mende asked if she can start doing some of the critical concrete repair work when she gets the inspection back from Lewis Shrier and if they should start with the most critical concrete repair work.

Motion: Gerald Boynton made a motion, which was seconded by Tommy Fox, to go out to bid for the critical concrete work. The motion was approved and passed unanimously

- Tisha Mende asked the Board if she could go ahead and get an estimate from Smith and Sons to repair the fascia on unit 618.

- Wesley Rogers said it would be nice if we could get the concrete contractor to bring in more crew or to sub it out to another contractor.
 - Tisha Mende noted that Lewis Shrier indicated he was going to send somebody out to start the inspection next week.
- b. **Window Update** - Discussed during manager report.
c. **2014-2015 Revised Budget** – Discussed during manager report.

IX. NEW BUSINESS

- a. **Review Financial Audit Fiscal Year 2014-2015 Draft** – Discussed during manager report.
b. **Review Project Management Services Proposal for Masonry Project** – Discussed during manager report.
c. **Review Plumbing Proposal for Building C wall** – Discussed during manager report.
d. **Board of Directors Terms** – Discussed during manager report.
e. **Review Annual Owner Meeting Agenda for October 18, 2014** – Discussed during manager report.
f. **Review WIFI Options** – Discussed during manager report.

X. OWNER DISCUSSION – There was no owner discussion.

Meeting adjourned at 12:00 p.m.

Convened to executive session with management at 12:05 a.m.

Meeting adjourned at 10.06 a.m.

The next meeting will be held on October 18, 2014 at 9:00 a.m.

President-Richard Brandl **Date**

Secretary-Barbara Gideon **Date**

ACTION ITEMS

Action:

1. **Wesley Rogers** – Get Rivera Communications to come out and evaluate the building for fiber optics. **WIP**
2. **General Manager** – Cancel the WinDoor trip to Gulfstream. **Completed.**
3. **Beverly Rogers** – Dedicate any dividends received from Texas Mutual Insurance back into the Insurance account for future use. **Completed.**
4. **General Manager** – Do a change order to Smith and Sons to include payment to the plumber and the repair work to the fascia on unit 618. **Completed**
5. **General Manager** – Check with Dick Brandl on the suggested agenda changes. **Completed**
6. **Barbara Gideon and Tisha Mende** -put together a letter to the owners to encourage participation on the Board which will be sent out with the August statements. **Completed**
7. Tommy Fox and Tisha Mende are going to work with Lewis Shrier to get the change order. **Completed.**