

HIDEAWAY BAY BEACH CLUB CONDOMINIUM ASSOCIATION, INC.

Board of Directors Meeting

Wednesday, June 28, 2023, at 3:00 pm

Call Meeting to Order: The meeting was called to order by Alex Fals at 3:02 pm.

Proof of Notice: The meeting notice was posted in accordance with the Bylaws and Florida Statute 718.

A quorum was established with the following members present Alex Fals, President, Gena Huebner, Vice President, Erika Johnson, Secretary, George Pettengill and Scott Almand, Treasurer were present by Zoom. Also in attendance were Barbara Vitolo from Grande Property Services; and approximately sixty homeowners.

Approval of Minutes from May 31, 2023.

A **Motion** by George Pettengill, seconded by Gena Huebner to approve the minutes from the May 31, 2023, Regular Board Meeting. All approved, **Motion Carried.**

Owner Comments on Agenda Items: Numerous questions concerning Insurance, Caretaker, ADU, Re-roofing and Public Adjusters.

Presidents Report

Alex Fals presented the Presidents Report (see attached)

Financial Report

Scott Almand presented the financial report (attached) for the month ending 5-31-2023.

Management Report: See Attached.

Termite Tenting Building I A **Motion** by George Pettengill and seconded by Erika Johnson to approve the tenting of Building I at a cost of \$12,600. This will be done at the same time as the tenting of Building A on August 29th. All approved, **Motion Carried.**

Additional Repairs to Ferry A **Motion** by George Pettengill, seconded by Gena Huebner to approve the additional ferry repair costs of \$13,000 to be paid from reserves. All approved, **Motion Carried.**

Review of ADU Contracts with Association Counsel A **Motion** by Gena Huebner, seconded by George Pettengill to approve the expense to have all the ADU Contracts reviewed by Ernie Sturgis, Association Counsel. All were in favor, **Motion Carried.**

Next Meeting: Wednesday July 26, 2023, at 3 PM

A **Motion** by Gena Huebner, seconded by George Pettengill to adjourn the meeting. All approved, **Motion Carried** at 4:50 PM.

Presidents Report—June 25, 2023

HBBC

Below is my attempt to explain the current situation we find ourselves in as it relates to the reconstruction of our property.

As of today, HBBC has received two (2) checks from Citizens totaling \$4,418,758.25 (\$2,890,569.58 + 1,528,188.67). These checks were accompanied by estimates (scope of work) prepared by Citizens related to work and they touch upon all aspects of the reconstruction of our property. Note - The first \$2.89M check was received in December 2022 and was paid in full to ADU. The second check received in June for \$1.5M is currently being held by HBBC.

When I joined the board in February – it was explained to me that ADU had recently spent a great deal of time with Stuart (Citizen's contractor) going back through the entire property in order for Stuart to prepare a supplemental estimate. We were told that ADU was confident that Stuart's revised estimate would be much closer to what we needed (ADU's estimate). At that point, we were waiting for the supplemental estimate & payment that was being prepared by Stuart in order to move forward with reconstruction (separate from the roofs). It was also explained to me by ADU that they had spent approximately \$5.2M specifically related to mitigation repairs alone and that they had been paid \$2.89M.

On June 6, 2023, we received the supplemental estimate (scope of work) totaling \$4.4M and a check from Citizens for an additional \$1.5M. The revised scope of work and the \$1.5M check received was much less than was anticipated by ADU. Subsequently an email was sent by me to ADU with a copy of the estimate (scope of work) and a request that they provide a schedule that includes a start date and anticipated completion date for the work that needs to be completed to the interior of our units.

ADU response so far has been "any and all funds received from the carrier will get used first to satisfy their mitigation invoices". They also state that they have "gone through the estimates and they are still very insufficient and missing much of the scope of work needed." Based on the newly released estimates, ADU does not see how any additional repair work can begin.

To date we have not seen any specific mitigation related invoices. Over time I have seen and heard mitigation costs from ADU that fluctuate from \$4.6M to \$5.7M. Needless to say, the \$4.4M we have received from Citizens does not satisfy the outstanding ADU mitigation costs as currently billed. Interesting to note – the estimates submitted by Citizens contains a minimal amount of mitigation reimbursement.

While further legal clarification will likely be needed - ADU's interpretation of our agreements does not align with our interpretation of our agreements. Our interpretation of the contract is that ADU complete the specific scope of work approved by Citizens for the amount approved.

The "construction" agreement states: The owner (HBBC) will not be held responsible for any out-of-pocket payment more than the deductible above or outside the covered items of insurance payment, ADU will honor the policy cap and accept them as payment in full in regards to the approved insurance scope of work. Any non-claim covered items will be sent in a separate proposal for approval.

ADU's interpretation per a recent email response is "As per our arrangement with your association from day 1, any and all funds that were to be coming from the carrier would first get used to satisfy our mitigation invoices."

ADU and the board continue to engage Citizens in an effort to move this claim forward. At the same time, the board continues to explore other options on the best and quickest way to get owners back into their units.

A number of owners (during the last board meeting and via email) have expressed their desire that the board hire a public adjuster to assist in the handling of this claim.

With language in one of the agreements that states "Contractor (ADU) shall have first right to any insurance proceeds paid by the Association's insurance carrier...". The hiring/paying for a public adjuster **may not** be in the best interest of HBBC.

In a typical scenario where an owner hires a public adjuster, the owner has control of the insurance proceeds and may use a portion of those proceeds to pay the public adjuster's 10% fee with the balance used towards reconstruction. Since this does not appear to be the case in our current contract with ADU, the 10% public adjuster fee would be a direct cost to HBBC (an additional special assessment), with the full insurance proceeds being paid to ADU for the final approved scope of work (per their contract). If a public adjuster settles an additional \$10M of insurance proceeds, their fee would be \$1M or approximately \$10,000 per unit owner.

Other related points:

- Association still in possession of \$525,692 deductible
- The ADU contracts were reviewed/revised by Association attorney Ernie Sturges before signing

Caretaker

- Initial interviews are taking place for candidates that have responded to the advertisement so far

Citizens

- On 6/6/23 the long-awaited supplemental claim report was received along with the \$1.5M check. The report was forwarded to ADU for their review
- On 6/20/23 roofer Richard Smith (Reliant Roofing Systems) hired by Citizens visited the property. The roofer was accompanied by Mark Grossman from ADU. He inspected the roofing work currently being done to our buildings. The roofer explained he was hired by Citizens to write up an estimate for what his company would charge to roof our buildings.

ADU

- The roof on building D is completed – the side of building D still needs to be Tyveked and siding put on where they replaced the wall
- The roofs on buildings I and J are currently in process
- The roof for building E will start the week of the 6/26 starting with the trusses. They anticipate it will take 10 days to complete
- Once all roofs are finished then they will move on the installation of soffit and soffit vents
- ADU is in communication with Citizens in an effort to move this claim along

Ferry

- All fiberglass work is complete and two base coats have been applied. The final coats of finish paint, wiring and the re-conditioning of seat boxes and console are pending.
- The additional damage to the hull that was referenced in the last update has been addressed
- The jack plates were also recently replaced -this work was not part of the original estimate. The original plan was to use the existing jack plates but after careful inspection it was determined they needed to be replaced
- The total amount added to the total for repairing the undiscovered hull damage and replacement of the jack plates is \$15,470
- There was a \$3,000 buffer built in to the original proposal we previously approved. We are currently \$12,470 over the original budget
- No firm date when the repairs will be finished – weather is playing a factor

Total Pest Control

- The tenting of A building (warranty work) has been set for August 29, 2023
- Building I was recently inspected for active termites, and it was determined Building I needs to be tented
- Building I is outside of the warranty period. The cost to tent the building I is \$12,600

Sewer Plant

- NES was having an issue with control panel that controls the blowers and the blower motor is malfunctioning.
- A malfunctioning timer was the cause of the problem with the control panel and that was replaced at a cost of \$250.00
- NES is waiting on pricing to replace the blower motor

Wi-Fi

- Joe Holme's crew continues with the progress replacing the equipment that was damaged as a result of the storm

Respectfully Submitted,

Alex Fals, President

Treasurers Report – June 25, 2023

5/31/23 Financial Statements –

As of the end of May, there is \$502,361 of cash in the operating account. Included in this cash balance was \$305,374 of Hurricane Ian Unspent Assessment Proceeds, so excluding the unspent special assessment proceeds, HBBC ended May with \$196,987 of operating cash. The May cash balance includes the collection of \$119,036 from the second special assessment for insurance, out of the \$154,938 total billed. In addition, note the following:

- There are \$70,440 of assessment accounts receivable due from owners.
 - \$16,234 of that balance is unpaid second quarter assessments that were due April 1st.
 - \$35,902 due from owners on the second special insurance assessment
 - \$18,303 is over 90 days due from 3 owners, mostly from unpaid special assessments. These have been turned over to collections.
- There are \$40,097 of owner prepaid assessments.
- There are \$1,081 of accounts payable (bills) due at the end of May.
- There is \$297,286 in capital reserves.
- With the insurance policy renewals (mainly the wind policy) the Insurance Loan Payable is now \$346,059 and will be paid over the next 11 months.

Page 3 of the financial statements is the Income Statement, showing there is a \$149,979 positive net income as of the end of May and this includes the unbudgeted \$154,938 second special assessment (income). Without this special assessment income, there would be a net loss of \$4,959 and this is \$55,475 less of a deficit than budgeted. The \$55,475 positive variance to budget includes \$18,767 of payroll savings from running a reduced ferry schedule, with the balance due to less than budgeted maintenance expenses that may or may not catch up during the year.

Year to date, there was \$22,303 of expenses paid out of the Hurricane Ian Assessment funds – This shows on the income statement as both a revenue line item and expense line item, so it nets to zero and doesn't contribute to the overall deficit. Again, the balance of unspent funds is \$297,286 and sits on the balance sheet until it is spent.

Year to date, there was \$153,688 of disbursements out of the capital reserve account, mainly for the ferry, wifi repairs and Novak sewer repairs. Year to date deposits into the account included \$76,500 of

insurance funds for the ferry, \$5,000 voided check to Those Guys, \$4,427 of Placida reimbursements and \$76,211 of owner contributions. The balance at the end of May in the capital reserve fund was \$297,286.

2022 Audit Update – We are a bit behind for the audit team at Webb Lorah to complete their 2022 audit. Webb has completed their work, however they will not release the draft audit until they speak with the prior auditor. I have given the prior auditor permission to speak with Webb, however their lack of response is holding up finishing the audit.

HBBC's \$200,000 credit line with Continental Bank - I continue to work with the bank to get this renewed.

Respectfully,
Scott Almand

Management Report

<u>Project</u>	<u>Date</u>	<u>Comments</u>	<u>Status</u>
Docks	6/1/2023	All work for the ramps are complete	Complete
Sprinkler Heads	6/1/2023	Waiting on status update from Pye Barker Concerning sprinkler head replacement	pending
Annual Fire Sprinkler Inspection	6/1/2023	Should be scheduled post rebuild	pending
5 year Inspection	6/1/2023	Due in 2027	pending
Service Animal Policy	6/1/2023	need final draft to be sent to owners	pending
Real Estate Appraisal	6/1/2023	Due in March 2024	pending
Structural Reserve Study	6/1/2023	Reviewing regulation concerning this item	pending
Lot Clean Up	6/25/2023	Request to clean up lot behind parking area - hire equipment or wait for county to issue violation?	pending
Caretaker	6/15/2023	accepting & reviewing resumes	pending