

KACA Annual Owner's Meeting – June 10, 2017

Meeting Minutes

Annual Meeting of Key Allegro Condominium Council of Co-Owners

The meeting was called to order at 10:00AM by the President Richard Beck.

Welcome and Intro – Richard Beck,

Below is a detailed recap of Richard's comments for the benefit of those owners who were unable to attend:

Richard reviewed age of complex, provided some history of the board. Current board introductions and review of previous board members who left this year. Acknowledged that this has been a rough year.

He spoke about the boards from the past and the shift from a passive board to a working board. The reformers came on the Board around 2007 after the previous board all resigned. Prior to this the board operated for the most part by one person and received an honorarium for serving resulting in their monthly maintenance fee being waived. The reformers: Jean & Bob James, Jim Stech, Don Sheets, Cara Mills, and Eleanor Pape ended the honorarium for board members and since then, all Board members serve totally as volunteers.

Now KACA Board members pay the same fees, same assessments, as any other property owner. And receive no special privileges as a Board member. We also make it known to prospective Board members, that this is not a resume builder Board but a WORKING BOARD. The property back then was in horrible shape & those "Action Boards" did an incredible job, one that took a lot of courage to take on. The new approach brought the board and association up to sound fiscal and physical shape

Two years ago, Paul Stern, Bob Barber and I joined Jim Stech and Don Sheets on the Board. We had the reserves & received approval for the 3 part assessment of \$3900. The owners voted to do it in 3 annual payments, pushing the project back 3 yrs. We got bids on the new roof and began the work, coming in a little under budget.

Next up was the painting and we thought minor wood repair. NOT! The plan in the beginning was to have our maintenance crew do the wood repairs and the paint crew would follow behind. Right away we realized there was a lot more wood repair that had to be done and painting over it would have been futile and a waste of your dollars.

This turned out to be the largest renovation program in the 43-year history of the Key Allegro Condominiums. We ended up way over budget but our treasurer has managed to keep us in the black by squeezing every penny and not spending anything that wasn't essential. The whole Board was razor focused in getting this project done hopefully by this meeting and we almost made it. The crew is working on the 100 building which is the last building. Now I know some of you have seen places that we need to go back over and we are developing a punch list. Gayle will cover all of this in detail in her presentation.

Tom will give a thorough presentation on the Budget and financials. Finally, let me say I have never been prouder of any Board that I have worked with or served on. This has been a year from HELL but everyone has stayed determined and optimistic.

I spent 30 years in association management in which I had to work for volunteer boards. Never had one any better! I think sometime, owners forget that the Board members are owners too, and have the same interest that all of you have. And that is making this complex hold its value by being good stewards of buildings and properties. We are all on the same team, it is not “an us” against them situation.”

I would like to ask everyone to hold your questions until we have finished the presentations. We hope to keep civility and decorum in the conduct of this meeting. Please keep your issue or issues as concise to give your neighbors a chance to ask their questions. I will try to call on everyone that has a question. Hopefully by the end, most of your questions will have been answered and I think you are going to be pleased what you hear. I know landscaping is a sore point for all of us but I think you will be pleased with the new plan.

- Letter – External Property Modifications Handout
 - Roofs / AC Repairs / Satellite Dish Placement
 - Unauthorized personnel on roofs creates liability, damages roofs requiring expense repairs
 - All owners urged to follow new guidelines
 - Copy of letter provided in handouts, posted to website, mailed to all owners
- Pool Rules – For Owners Only / Code Changes Monthly

This pool is for Key Allegro Condominium owners and their guests or renters staying at the condo. Starting right away we are going to change the code every month. We will send you the code in your monthly statement. Please do not share with friends. If you have renters share with them and your rental agent. The large Key Allegro pool can be used by all Key Allegro property owners but requires a \$25.00 job! That is an expensive system and we don't have the money for that but we may have to go to that if we can't get it under control. Help us police!
- Policies & Procedures – Currently being reviewed by the board.
 - An update will be mailed to all owners and posted to the website

Housekeeping / Certification of Quorum – Mary Jo Lyons, Secretary

The Secretary shared that the minutes from last year's owners meeting were both mailed out to owners and posted on the website. A motion was made and passed to accept the minutes from last year. It was acknowledged that a quorum was present to continue the meeting.

Tennis Courts / Survey Results – Mary Jo Lyons, Secretary

- No current action being taken
- Survey results were a 50/50 tie for repurposing this area
- The net was recently replaced
- Help us Help you! If you see folks playing basketball, please make sure they have lowered the net
- Resurfacing possibly planned for 2018, depending on budget availability

Suggestion made from the floor to lock the courts to keep out the kids and to consider adding a code system like the pool. Board agreed to consider this.

CPA Report – Johnson & Creekmore – Mike Johnson, CPA

Heather was introduced as our main point of contact, reviewed the 11-month statement,

Agreement and acceptance of statements, Introduced Olympia – Carolyn Hargis asked about Last year's extra \$700 assessment for the wood replacement and wanted to understand where that was reflected, Mike reviewed the numbers and explained how it was included.

Property Manager's Report – Gayle Connelly

2016 – 2017 Accomplishments

- New fire extinguishers
- Property Review Completed
 - Current and future planning
- Oversee Renovation
 - Increased Scope of Project
- Cost Repairs / Maintenance Efficiency
 - Vendor Negotiations
 - Cost Savings on materials and labor (Pool, Landscaping, General Maintenance)
- Filed Claim, Work w/ Ins to maximize recovery on theft
 - Organize materials storage & disposal
- "The Project" – major focus almost all encompassing
- Bulkhead Walkway Repair – 900 building
- Flat roofs
- Bulkhead Sealing and Backfilling
- A number of windows and sliding glass doors replaced
- A number of porches / balconies repaired / replaced
- Several broken sewer lines repaired
- Improved Property Appearance and Improved condition and security of materials

Gayle reviewed the history of the project, renegotiated the price of materials, improved quality of materials that were used. Carolyn Hargis asked why we had not addressed this at the beginning, Gayle addressed the questions of how the board reviewed the work of S&S, solicited additional bids to finish the job and bids were much higher, some contractors refused the job due to age and condition of the complex. Explaining that their risk was too high on a wood structure. The board also made the decision to make staffing changes and she was hired to replace the previous maintenance manager. Lynn Pawlik brought up questions about the work that S&S did and voiced her frustrations. She complained about the overspray, multiple colors of paint and types of wood and overall mess that they made. Gayle explained the Board acknowledges these issues and plans to address in the final punch list.

Gayle reviewed her presentation, stressed repairs vs replacement if possible on windows and doors. Tom shared the cost of replacements and that now sliding doors must be custom built as

they no longer make the size we need. They must also meet wind storm requirements. Addressed porches & balconies. New fire extinguishers installed because of an insurance claim. Gayle unexpectedly hospitalized twice this year. That may have been the periods where there was slow or no response. She apologized for this and said she hoped to do better.

Addressed cost savings on contracts, theft and claims resulting in some claims being paid. We did a lot of materials organizing, plans are to improve the shed and appearance of the 400 unit. We have worked a great deal on trash this year, resulting in cost savings. Reviewed pictures of wood rot vs structural damage.

Gayle stressed how much she appreciates the owners' patience and hopes that next year is a normal year that we can return to address normal maintenance, and stairwells, walkways, finger piers, fish stands etc., We are planning to hire hourly work rather than hiring a full-time worker as needed.

Owners were asked to email with maintenance issues. She shared that she lets calls go to vm over the weekend and responds only to emergencies.

Introduced Ernie w/ Tropical Landscaping and shared that we were in the process of signing a new contract with him. He said our property was in pretty good shape overall. Most plants need TLC more than anything, weeding is a priority. He only uses a contact killer so that there is no residual killing when replanting is done. His plan is to start on the plants, He uses Scott's fertilizer as his go-to product, for liquid fertilizer he uses Miracle Gro, especially good for Hibiscus. He will be taking care of the short palm trees, not the tall trees. He will address trimming, especially in front of the sign. Scale and blight killed as well as freeze damage. Scale is an issue everywhere in the area, malathion is the best solution. He stressed that they will blow, weed sidewalks, cracks and remove the windblown palm fronds as soon as possible even on unscheduled days. He will be doing on-going management and not just simply on scheduled days. Board, loved this idea.

Question was asked what the schedule would be. For now, will be Mon or Tues, will try to move to Wed, and stressed they would try to move as late in the week over time if possible. Carolyn Hargis asked if the pool area could be the priority, he said he would address this as first.

2017 – 2018 Plans

- Canal Ladders
- Interior Damages from renovation project
- Landscaping Project, Cut back / trim / prune bushes
- Bulkhead Repairs – Tom Will cover this
- Scheduling / Efficiency of On Site Maintenance
- Stairwell repairs / replacements
- Finger pier repairs
- More porches / patios repaired
- Patch parking lot as needed

- Repair / replace some additional windows, sliding glass doors & screens
- Clean sewer drain lines
- Light poles
- Tennis Court resurface – depending on bulkhead discussion

Introduction of Board Candidates

Richard introduced Brian Narvid & Charlie Adams, they introduced themselves and spoke about their background. Richard shared details about George since he was not able to attend.

Election of Board of Directors

- Richard Beck
- Charles Adams III
- George Krapfel
- Brian Narvid
- Floor Nominees (there were none)
 - Each unit represented at this meeting has been given 1 ballot
 - If you received a proxy, you have been given a ballot for that proxy
 - Vote for 3 candidates. Write in the names of the floor nominations if you are voting for a candidate not listed on the ballot

Treasurer's Report – Tom Geren

- Laser focused on the huge renovation program. Largest in the history of KACA's 43 years
- Renovation Surprises / Unexpected Costs that we were unable to discover when we examined the buildings for the 2016 special assessment.
 - Resulted in \$150K (through March) in wood replacement costs that HAD to be done
 - Utilized Cash Reserves rather than an emergency special assessment
- Saved on wages / fringes / taxes and benefits
- Renovation delayed planned balcony, patio and finger pier work
- Stabilized bulkheads
- Bulkheads 43+ years old and deteriorating
 - Mean life of a bulkhead in Rockport is 40 years
 - Unsightly / Detracts from property value
 - Ignoring repairs further accelerates risk of failure
 - Failed bulkhead likely to cause building foundation shifting, expensive to fix

Presentation included details on extensive list of all areas in need of repair, in order of priority

Reviewed his presentation on current budget issues, points of concern and reviewed the areas of priority on the bulkheads. Illustrated highest priority and then other areas of high concern and serious bulkhead issues. Gayle addressed questions regarding how we plan to fix them, asked from the room. Tom stressed that the base budget only includes enough for the highest priority fix, building unit 1. Illustrated the several options for possibly repair and timing strategies. 3 options, (see slide) The cost of

removing and replacing the walk ways. If we do it all at once, total cost is less and has immediate impact on the community. The board recommended this option.

Dave Covington voiced concerns on how we would approach the bulkhead repair and walkway replacements. Wanted to ensure safety first and make sure the result was even and didn't create a

It was shared that capital improvements can be added to the cost basis of individual units.

Three possible alternatives:

- Repair all items as one project Estimated cost = \$169,769.84
 - Benefits: total project completed this fiscal year, saves on costs, faster improvement of property values, allow more landscaping, stairwell repair and tennis court resurfacing this year.
 - Disadvantage: Special assessment of \$1700 / unit (could be split over 3 months @\$567/Mo.)
- Repair bulkhead at 100 building and the 5 finger pier areas- (black, green) Estimated cost = \$153,616.74
 - Benefits: most important repairs completed this fiscal year, saves on costs, faster improvement of property values, allow more landscaping, stairwell repair and tennis court resurfacing this year.
 - Disadvantages:
 - Not all bulkhead work would be done
 - Special assessment of \$1536 / unit (could be split over 3 months @\$512/Mo.)
- Repair green sections over 6 - 8 years- Estimated cost = ~\$200,000+
 - Benefit: fund w/ general revenues, no assessment. Unit 100 bulkhead is fixed first
 - Disadvantages: Higher costs, longer project period, additional deterioration, further increased costs, no tennis court resurfacing at this time, less wood repairs in stairwells and patios, less landscaping, lower property values, more building foundation movement
 - not a complete fix since red areas are not comprehended

Prices based on 1 quote so far. If alternative #1 is chosen and cost savings are achieved, any savings would be put into the maintenance reserve fund

Richard Covington suggested that residences should not be required to pay for the improvements up front, before the construction even begins. There was some discussion on who benefits from the bulkhead project, current owners or future owners. All agreed that current owners had enjoyed ongoing benefit from the bulkheads. There was additional discussion around using the \$25k in current budget for bulkheads and reduce the proposed assessment or repurpose and use for other needs of the complex. Group agreed to use for other projects.

- Jim Stech motioned that we do Item #1, immediately and that the board determine, when and for how much the assessment is made. Arthur Foss seconded the motion, the motion carried with unanimous vote of approval.

- Board motioned that the operating budget be approved, and the \$25k be repurposed for

the other items. Mike Penrod motioned to approve the motion and Lloyd Portis (Need Name) seconded it. Vote was unanimous.

New Business

-Landscape Committee, 1 Board member to participate, requested two owners to volunteer. Lynn Pawlik and Betsy Armstrong volunteered to be on the committee. Board participation TBD.

- Canal ladders need to be readdressed. Board is recommending adding a few ladders at a time.

- Architectural Control Committee. 1 Board Member (Charlie) and 2 Volunteers requested

Volunteers – Brian Narvid, Mike Penrod & Art Foss

Trailer Parking for Boats – Board is trying to devise a plan for boat trailer. Board suggested we allow in a few select areas. This met with concern from multiple owners and was voted down. Some concerns were that it's unsightly and not enough parking as it is with owners and renters with multiple cars per property. Owners suggested that we make a deal with a local lot where we can negotiate space. We can rent several spaces and pay monthly to store trailers or pass the fees on to the boat owners.

Mrs. Stech moved that we do not have trailers on the property, it was seconded and majority voted in favor of not allowing boat trailer parking on site.

Motion was made by Mrs. Stech that the board look for a storage solution and negotiate rates and bring it to the owners. Motion was seconded. Board agreed to do the research and present findings via newsletter.

100/200/300 building have no lights, Gayle to address ASAP

Night Lights at the pool still a problem, Gayle to address.

Poop bags are out. Someone may be stealing the bags. Gayle stressed that she herself replaced them. They will continue to monitor and replace as needed.

Election Results – Mary Jo Lyons, Secretary

Ballots were reviewed and counted. Richard Beck, Charles Adams & George Krapfel. The board thanked Brian for his interest, encouraged him to volunteer for the architectural committee and keep his hat in the ring for next time.

Final Announcements

You are invited: **"Owner's Happy Hour"** KAC Pool Gazebo 5:00 – 7:00 PM

- BYOB & an appetizer to share

Adjourn – Richard Beck

Meeting adjourned @ ~1:30 PM, Richard thanked everyone for attending and for their patience. Owners were invited to bring any further questions to the board for discussion.

Minutes prepared by Mary Jo Lyons, Secretary

Updated 8/1/17 – (Section regarding remarks by Richard Covington) MJL