

OCEAN RITZ CONDOMINIUM
BOARD OF DIRECTOR'S MEETING
Wednesday, November 14, 2018
Social Room at 6:00 PM

Agenda

1. Call to Order: Meeting called to order at 6:00 PM

2. Establish Quorum: Quorum established, 4 Board members present.

Board Director Appointment: Bill Rehrmann proposed

Introduction: Bill grew up in NY, NY. Graduated from Embry Riddle 1971. Eight years active duty, 12 years reserve duty with Air Force as a Jet Fighter Pilot. 24 years with North West/Delta Airlines, retired as a Captain flying Airbus 320 out of Detroit. Married to Genie Rehrmann for 39 years, one son, one daughter, 4 grandchildren. Lived in Miami 1978 till moving to Ormond Beach in 1993, just after Hurricane Andrew. Bought Ocean Ritz 1801 one year ago.

Bob moved to accept Bill as a Board Member, Dallas 2nd, passed by all. Welcome to the board Bill.

3. Secretary's Report:

Approve Minutes – October 10, 2018: Dallas moved to accept, Marie 2nd, passed with no changes.

4. Treasurer's Report – Annie Ekstrom: See attached report.

Discussion:

- a. Why didn't we get a \$40 dollar reduction to our fees? Annie's response: Cable was not part of fees, were in Operating Expenses. If we had a surplus in Operating Budget, \$ would be refunded. We do did not/don't have a surplus.
- b. Will construction crew fix "fix" the ramp due to damage from big dumpster. Annie's response: Construction crew slated to repair and paint ramp soon.

5. Management Report – Annie Ekstrom reporting for, Michelle while Michelle was looking up current State Condo Laws: See attached report:

Highlights:

- a. Construction overage currently at \$54,682. Construction was funded through a Special Assessment AND \$400,000 from Reserve Account.
- b. Water Leak: Repair Costs, \$47,898.37. We are waiting on final check from the insurance company to offset the bill. Question from an owner: Can we delay payment till insurance payment is received? Answer: Not a good idea.
- c. Special Thanks to Art and Patti Ferland (1204) for taking care of the umbrellas during a late storm. And thanks to Lynn Workman for taking care of the hibiscus in the pool area and adding/providing some flowers in the front of the building.
- d. Parking: Once parking is restored, there will be no parking allowed next to the building,...violating the “No Parking Along the Building” rule will subject offenders to having their vehicle towed.

6. Committee Reports: None

7. Old Business:

- a. **Mezzanine & Upper Deck Renovation:** See Manager’s Report
- b. **Roof:** See Manager’s Report
- c. **Main Water Line Repair:** See Manager’s Report
- d. **Board of Director Appointment: Moved to Establish Quorum:** See above Introduction and Acceptance. Board is now fully seated.
- e. **Proposed 2019 Budget:** Presented by Dave Staley (1902), member of the Budget Committee. Dave briefly described his extensive, private sector budget experience in several companies. He initially volunteered to the committee to try to find ways to cut our expenditures, monthly fees and special assessments. What he presented was his “education” on the history and future costs of the Ocean Ritz. This is a BRIEF description of the committee’s findings and recommendations for the future (see attached report for more detail):
 - a. Current Reserve Account is \$429,000, minus current bills leaving only \$62,000.

b. Payments due soon, another \$130,000, leaving a “shortfall” of \$68,000.

c. Bills due in the next two years in excess of \$800,000. Current and future reserves inadequate to fund required payments.

d. Basically, we have been underfunding the reserves.

e. Our Reserve Study recommended we move to a 100% funding model, as many/most other condominiums are moving to (see last page of Dave’s handouts).

f. Budget Committee recommendation to meet our short and two year expenditure needs an increase in 2019 COA fees and a special assessment will be needed as follows:

001	COA \$302.00, Spec. Assess. \$2105
01,02,05,06	COA \$631, Spec. Assess. \$4403
03,04	COA \$592, Spec. Assess. \$4128

Special Thanks to Dave for an extremely detailed budget analysis presentation.

Discussion from questions from the owners:

- a. “Do we have to move to a 100% Reserve Funding?” Answer: Basically following State Law, recommendation of Reserve Study authors, and the movement of other condo associations in town.
- b. “Does it have to be an increase in COA and Special Assessment?” Answer: This was a decision to “spilt” to costs between short term and long term, but no it could be another model as long as we can meet current and next two-year payments.
- c. “Can’t we just kick it down the road?” Answer: It become obvious that is what we did and we cannot meet payment needs.
- d. “Can we just ‘close the books,’ stop spending, cut back, stop buying things (new pool tables and chairs), maybe fire some people, to save money.” Answer: Tables and chairs in bad repair, lots of complaints from residents. From several Owners and Board: concerned following that suggestion would negatively impact quality, future values and enjoyment of the facilities and amenities.
- e. “Pool is to cold!” Followed by suggestion we shut of the pool heat pump in the summer. Future action: Michelle will look into pool heat pump function. Heat pump does not turn on during the summer, unless rain cools the pool or several days of cooler weather. No real savings.

- f. Tom (104) asked if each Board member could explain their feeling about the increases. Short summary follows:
Marie: Not crazy about the increases, but after reviewing the Reserve Study (RS) supports recommendations. Concerned if we don't do this we will fall into same situation as the Towers down the street.
Bill: After seeing the RS, supports the recommendation. Concerned if we do not do this it will impact quality of the condo.
Dallas: Again, after RS review, supports the recommendations.
Bob: After last week's meeting tried to think of ways to "soften" the increases, as did everyone else on the board, until reviewing the RS. I now support the recommendations.
- g. Because of changes (Due to Reserve Study coming in after the last meeting and a more detailed look at the future budget/needs) to the 2019 budget recommendation from the last meeting, we have put off a vote till the next Board of Director's meeting in two weeks, **November 29, 2018.**

8. New Business:

a. Mezzanine Upper Deck Budgeted Cost vs Actual Cost

Discussion Highlights: Question from several owners: "Did FHA under bid, only to later overcharge?" Several owners stated, "FHA has a history of doing this." Answer: Overage (\$54,682.170) due to unforeseen size of re-bar and concrete damage, needing more time and materials to fix.

9. Open Forum: Discussions took place during each presentation. See above.

10. Announcements: NEXT MEETING WEDNESDAY, NOVEMBER 29, 2019 AT 6:00 PM. BOARD WILL VOTE ON THE PROPOSED 2019 BUDGET.

11. Adjournment: Annie moved to Adjourn at 8:09 PM, Dallas 2nd, board agreed.