

<p><b>San Simeon Phase 1 Residents' Association, Inc.</b>  <b>Minutes of the Board of Directors' Budget Meeting</b>  <b>Held on November 4, 2019 at the San Simeon Clubhouse</b></p>
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**1. Roll Call/Establish a Quorum/Call to Order:** at 7:02 p.m.

President	Eric Vincent	-	Present
Vice President	Barry Smith	-	Present
Secretary	Elizabeth Diamond	-	Present
Treasurer	Arlene Creeden	-	Present
Director	John Nychis	-	Present

Quorum present? Yes

Others Present: James Ro, CAM, Sun Vast Properties, Inc.

**2. Disposal of Unapproved Minutes: Motion:** A motion was made by Arlene to approve the minutes for 3-21-2019 annual and organizational meetings, seconded by Eric. **Motion passed unanimously.**

**3. Treasurers Report**

Arlene Creeden reported on the financial reports through the end of September 2019. Full copies of end of month reports are available by contacting Sun Vast in writing (at owner expense)

-Operating Cash	\$59,301.99
-Reserves	\$1,121,716.10
-Accounts Receivable	\$18,808.13
-Allowance for Bad Debt	(\$5,287.05)
-Prepaid expenses	\$71,893.25
-Refundable Deposits	\$6,089.00
-Misc. income and fees	\$3,584.82
<b>Total Assets</b>	<b>\$1,276,106.24</b>

**4. Old Business:**

-DR Horton lawsuit update, Eric said just today there was a mediation hearing involving approximately 21 vendors that were associated with the construction defects. The amount being discussed was around \$2.3 million, which includes \$1.6 million for the actual cost of fixing the problems and the rest is for litigation costs. Parties came to the table and offered 10% of what we are asking for, our response was NO. We will speak with our lawyer next week and ask what our/their next step will be. If DR Horton sticks with that offer we are more than likely going to court on this.

**5. Budget Discussion**

This meeting is to review the proposed budget; there will be a meeting to follow with proper 2 week mailing of notification for that final budget meeting. Levitt 2019= \$231/2020=\$265, DR Horton 2019=\$150/2020=\$175, proposed. We have had a "very healthy" prior year surplus, recommended is 2 months operating cash. What has kept our assessments lower is by using that surplus. Levitt roofing- we've been using our reserves for repairs, that is why we are considering the SFR roof replacement, we should continue to fund the reserve and build the bank. Insurance is going to go up each year, our policy is not changing and deductibles stay the same but because communities are filing claims our rates continue to go up because of high liability losses. We keep putting a little more money in for landscape year to year. We are due to resurface the pool, we have the money, that will be done this coming year. Painting- we are due for but if the roofs are going to be done and the DR Horton litigation is still going on, should we? We are fully

funded. Damage to fascia and wood rot under the gutters can be claimed in the SFR agreement as being caused by the roof leaks, if decided on.

## **6. New Business:**

-The Board just met with Southern Florida Restoration (SFR), a general contractor and roofing company that files insurance claims on behalf of HOA's for hurricane damage. Irma was 1 year ago and SFR took several pictures of both Levitt and Horton roofs. This company would pay all of the litigation costs AND pay for all of the roof repairs we need until a settlement occurs. He mentioned several companies to do the re-roofing and it would include a 7-10 year warranty. If a problem is called in, he promised they would be here within 48 hours. Usual life expectancy of a tile roof is 30 years. They will be looking for full roof replacement of both even though Horton has not had the leak problems that Levitt has had because they found hurricane/structural damage (tiles lifted from wind) to them as well and they suggest replacing these before there are leaks. Eric thinks this sounds like a "low risk" scenario for the association. We asked if we would need to have a special assessment for each home because our responsibility would be 3% for the hurricane deductible. Our cost would be around \$1 million and by end of this year we will have \$650K in our reserves. James mentioned that he thinks the Levitt deductible would be \$603K, we spent approximately \$150K on their repairs last and this year, so that amount would be applied to the deductible thereby leaving our total responsibility at \$450K. DR Horton deductible would be approximately \$370K of which there \$200K in reserves, so an assessment of approximately \$2K per home may be necessary. If we were to replace all of the roofs now on our own it would cost \$3 million (per our reserve study). SFR is offering 0% financing for 2-3 years of any amount while we are collecting money from the insurance carrier. The Levitt units should be fully funded and may not need any assessment but DR Horton would probably need assessments because they are not fully funded. SFR mentioned that there is usually a provision/clause in your personal insurance for an amount of money (he quoted \$2K) you can use to pay towards a special assessment. We will look into whether you have to go through the company you had at the time of the hurricane for getting this amount or your present insurer. The Board will research all of these things and send out a mailing telling you how to do this. The process would be: SFR would send out an engineering team which would take 1 day (10-12 people), survey the damage and tell us what they think. Does DR Horton need to be a part of this? We will decide based on their assessments. James mentioned moving forward that in 5 years someone says "you knew you had these problems with lifted tiles" in the DR Horton roofs, why didn't you get them replaced? This claim needs to be filed by 9-2020 (2 years after event-Irma). Do we spend \$370K now or \$1.2 million in a couple of years? This process could take 5 months to 2 years. SFR has been successful in these matters in 31 communities in Florida. Since we are considering re-painting, James needs to ask if we should consider this as the insurance payment process could take up to 2 years?

-Seal coating the roads: Will be funded by end of year, we have \$13K available but full asphaltting would cost \$136K. The roads are in pretty good shape. Arlene mentioned there is a drain cover on the street that is falling down, they are not meant to fall in when someone drives over them or is parked on. Can we get a price to repair?-James. Owner recommended seal coating as it prevents earlier road problems/cracks/aesthetics than expected. He recommended the company Bane Asphalt Seal Coating, James to contact and get bids.

-Pool resurfacing: James to get assessment from our pool company whether this needs to be done now, get bids if yes it needs to be done. James knows a company that could do it for a lesser cost than we were charged for the spa being re-done.

-New lounge chairs at pool: We have the money in reserves to do this. There is only a \$50 difference in cost for replacing vs. re-strapping. We presently have 54 chairs and it is felt we don't need that many. **Motion:** A motion was made by Arlene to buy 40 new lounge chairs that

match the new color scheme of blue/white from Leader's Furniture for a cost not to exceed \$8K, seconded by Elizabeth. **Motion passed unanimously.** Can we either sell the old ones or have the "aluminum guy" come take away? John offered to put them on Facebook Marketplace for sale.

-Landscape improvement: Money in budget, grass replacement needed. Truscapes trimming has killed several bushes/shrubs. Elizabeth mentioned that she had spoken to Israel from Truscapes that just because it is "trimming day" doesn't mean that everything needs to be trimmed. It means that the extra "sproutings" need to be trimmed, not down 2-3 inches every time. She recommended that during the summer the bushes get trimmed every month. James, please ask Israel for a quote on doing monthly trimming during the summer only and also could he please ask his crew to only trim the extra "sprouts". Arlene asked if the weekly mowing could continue through the month of October till November, they presently mow biweekly April to October, James will get bid from Truscapes. John mentioned that the mowers are running over the irrigation covers and damaging them, James will mention to Truscapes. It is common area and Truscapes irrigation team needs to be aware of broken covers, they have been broken by the mowers running over, during monthly irrigation checks they should maintain that they are properly placed and replace as needed because their own company has damaged, James will consult Truscapes.

-Buying some new Christmas decorations: **Motion:** A motion was made by Arlene to allow \$100 for buying some new Christmas decorations, seconded by Barry. **Motion passed unanimously.**

-Things done/accomplished since last meeting: Overgrown hedges over the wall facing the new apartments being built were trimmed as directed by Fort Myers order, they are not going to consider this landscaping to be their own and we are responsible to maintain. Palms are being trimmed by a person John found for a price less than Truscapes proposed, he is doing this for \$25/palm. The palm fronds were growing up against the homes causing ants and rodents to get into homes. Our last meeting was 3/2019, owners have asked for more Board meetings to keep them abreast of HOA activities, Elizabeth mentioned that the Board voted at 4/16/2015 meeting that "meetings will be the third Thursday of April, July, November and annual meeting in January" and she asks that this Board vote be followed. Eric said there was nothing that was a Board meeting necessity since March, Arlene said the things we decided since then have been covered by reserves or allowed within our budget. Elizabeth asked if we could commit to April and July and Arlene said she can't commit to April and Elizabeth said we would still have a quorum because Eric, Elizabeth and John would be present. Arlene recommended having more meetings while she and Barry were here (winter months). Phone input during a meeting is limited per Barry, "can't hear owners speaking". James recommended summer meetings if something important comes up such as DR Horton lawsuit comes back with \$1.5 million instead of our initial request, we have been able to correspond via emails. The Board decided to proceed in the present manner.

**7. Annual Meeting will be Monday January 13<sup>th</sup> at 7:00 pm.** Discussion about doing electronic voting for \$300, Barry added we get very little response with the mailed ballots. James said the electronic system may send to SPAM account, Eric asked if the Subject line said "San Simeon Voting Ballot and Proxys" would limit this problem- James can ask our lawyer his opinion? **TABLED discussion for use 2020 annual meeting, we can look into for 2021 annual meeting.**

**Motion to Adjourn was made by Arlene at 7:57 pm. and seconded by Barry.  
Motion passed unanimously.**

**FYI-** Reminder how to reach Management Company and James Ro:

Sun Vast Properties

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[info@sunvast.net](mailto:info@sunvast.net)

Our website is **sansimeonhoa.com**: please visit it to review APPROVED minutes from meetings, obtain forms for ARC requests, insurance documents for your mortgage companies and to “opt in” for getting emails on important info rather than regular mail (costs us \$\$), clubhouse parking form, glass door insert criteria, etc.

Respectfully submitted by:

Elizabeth Diamond

San Simeon Board Secretary