

**SUMMER HOUSE
HILTON HEAD ISLAND
CONDOMINIUM ASSOCIATION, INC.**

Board Meeting Date: Thursday, December 15, 2016

Board of Directors Meeting Minutes

Meeting commenced at (Time: 3:00 PM)

Attendance: Richard Schulman, Dave Benedict, Greg Richardson, James Kroll, Kevin Quat and Jamie Bastian

Homeowner: Jeff Rocket

Voting:

- ✓ A motion was made to approve the minutes from the November meeting. All in favor – approved.
- ✓ A motion was made and approved to accept the updated budget.
- ✓ A motion was made and approved to distribute the packet regarding the storm cost summary and the new HOA fees to the homeowners and post to the Summer House website.

Discussion:

Kevin Quat sent the updated budget for approval. The only one that approved is Jim Kroll. Dave Benedict stated that he also approved it. The updated budget with the increase due to the storm costs has been approved.

Kevin Quat sent out the packet that he wants to send to the homeowners with storm cost summary and the new HOA fees. Dave Benedict approved. Jim Kroll also approved. The packet has been approved by the board for Kevin to distribute to the homeowners.

Action & Priority Sheet

- 1) Email to homeowners regarding Board Meetings, etc. Completed and can be removed.
- 2) Bushes at C Building cut in half to reduce costs. Pine straw has been started. Around the front of the Clubhouse has been completed as well as the back of some of the buildings. Next the bushes will be added. Replace this item with the new **Action item** - We are tracking the completion of the landscaping work. Once he's finished you can say that action is completed and can be removed at another meeting.
- 3) Common Area Expense according to the Master Deed. Completed and can be removed.
- 4) Schedule Roof Repairs. Completed and can be removed.
- 5) Insurance coverage from Matthew. Completed and can be removed.

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- 6) \$105,000 from CDARS to Operating Account to cover expenses. Completed and can be removed.
- 7) Tree Cleanup. Completed and can be removed. **Action Item:** AIM to get tree maintenance plan from Action Tree Service.
- 8) Status of the Amendment. The Amendment has passed. Scott has been contacted to do what he has to do with the courts. AIM to send documentation to our attorney. **Action Item:** Follow the filing of the Amendment to the Master Deed.
- 9) Holiday Party. Completed and can be removed.
- 10) New Security Company estimates. AIM has called every security company imaginable. At this time, no one else offers the type of service that we currently have. There is a company called Securitas that can only offer an eight hour a day security which comes out to about \$50,000 a year. We don't have that in the budget. They would be happy to offer our current service once they get more clients in this area. The security service that we currently have the security comes two hours a night at random times and walks around the facility to make sure that everything is okay, check the lights and check on cars that may be parked illegally, etc. They would also respond to complaints such as noise. The problem that we are having is that, when I get the bills and look at the report they send us, there are multiple occasions where their time is not calculating to the two hours they are supposed to spend. They may be on sight for 10 minutes but they are still charging us for the entire time and then we have to send the bill back and go over everything and fix the problems. We are not receiving the services that they are supposed to be providing. AIM has a meeting with the owner on Monday. If they don't do what we need after the meeting, the Board President will meet with them in January 2017.
- 11) Copies of Litigation paperwork. This is ongoing.
- 12) Parking passes. This is ongoing.
- 13) The Trash Compactor installation is scheduled for January 5, 2017.

Additional Items to discuss:

- 1) We are still in the process of clearing off the entire storm cost that has accrued over the last three months. I saw that AIM paid some of the costs but not everything. I guess we still owe money to the guys doing the roofs and to the guy who did the tree work. We have not paid the Bartlett's tree bill for \$23,000 yet because AIM is still waiting for them to account for everything. Action Tree has been paid. FCC needs to complete the few shingles that are missing and then they will be paid. Bartlett came in, made a mess and then bailed. They cut the trees that were leaning on buildings and left them. AIM is trying to determine what of the

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\$23,000 is just for cutting down those four trees. The money to pay Action Tree, FCC and Bartlett is coming from the \$105,000 from the CD that was cashed in and \$150,000 check from our lawyers totaling \$255,000. The rest of the money came from the Operating Account. An additional \$75,000 was requested and when received a portion of it should be used to replace the money taken from the Operating Account. The balance should be used to pay off FCC and Bartlett. This equals the total bill for everything. **Action Item:** AIM is in the process of paying the final bills. Once the final bills have been paid, we'll close that action item.

- 2) The work that Rich was doing on a drainage problem in buildings E and D was not on the Action Sheet.

Asset Account

- 1) SH TD Operating II 8071 – decreased from \$7,100 to \$4,340. AIM has been using this account all year to fund the shortfall in the amount of \$2,833.33 per month.
- 2) SH TD Reserve 2735 – This account went down \$4k+. This amount was used on the spa motor, spa pump, etc. and the deposit to start the sidewalks to MAJ Enterprises.
- 3) Coastal States CDARS SWEEP 2378 – This is the account that Coastal States opened to put any extra money that they couldn't put into CDs. When we start collecting the money from the storm damage from the HOA starting in January, we're going to have a line item on our report for collecting storm damage money. Each month you're going to have a fixed amount of money that you'll be collecting for storm damage. Very similar to what you do each month when you collect the money that goes into the Reserve Account. The storm damage money that you collect each month from the HOA, that money should be deposited into this 2378 SWEEP account. We'll give Coastal States Bank instructions that when the money in 2378 reaches a sufficient amount to generate a CD, they'll take that money and get Mellon to generate a new CD for us and we'll continue that process for the next three years adding the money each month into that SWEEP account and then eventually all the money we borrowed from the CDARS account will be paid back to that account.

Reserve Account

- 1) 2016 Reserve Expenses Table – Some of the Spa costs that show up on this table and some of the sidewalk work that is showing up as \$3,600 that's where the money you spent went to.
- 2) 2016 Reserve Expense Table – Sidewalk Repairs from the Storm for \$1,200 should not be on this table. The \$1,200 expense is being paid back by the storm money that is collected on the HOA and not out of the Reserve Account. There was an extra amount under Sidewalks in the 2016 Budget and, it was agreed on last month, that we would use that amount for those repairs. The \$1,200 should be paid back to the Reserve Account out of the amount collected for storm damage in Coastal States CDARS SWEEP 2378 Account.

Variance Report

- 1) 30070: Misc Income – It looks like this is where the money received to cover the storm damage from the HOAs has been added. Also the \$150,000 received has been deposited into this account and will be on the December report. Another \$75,000 should be deposited there. Once all of those deposits have been made, Misc Income will have the full \$328,000 that we

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need to pay all of the expenses due to the storm. When looking at the bottom-line, it has been corrupted by the amounts added to Misc Income. What the bottom-line shows is a variance of \$116,000 but we are aware that part of that \$116,000 is the \$105,000 that went into the Misc Income. If we take the \$105,000 out then it shows the true bottom-line for the Income.

- 2) 50170: Site – This account is being used to pay for storm damage. The \$1,200 for sidewalk repair on the Reserve Report under 2016 Reserve Expenses should come out of this account.
Action Item: Create a GL code under Maintenance and move all storm damage transactions to that GL code. In the note section, list each item and amount paid.
- 3) There's a Net Income positive variance of \$141,116 less storm damage amounts leaves \$84,000 as the true positive variance.

A motion to close the meeting was seconded at 3:55pm.