**Watermark**

401 North Atlantic Avenue

New Smyrna Beach, FL 32169

Minutes of Oct. 20, 2024 Annual Owners Meeting

**Board members present**: Paul Bryan (506), Harold Anness (604), Ron Laramy (404), Steve Oyster (304), Beth Corso (101)

**Others present** (or by Proxy) 101, 102, 104, 105, 201, 203, 205, 206, 301, 302, 303, 305, 306, 401, 402, 403, 405, 406, 501, 502, 503, 504, 505, 601, 602, 603, 605.

-Paul Bryan called the meeting to order at 1:10 p.m. and was properly elected to preside.

* Paul thanked everyone for coming especially given the circumstances with the need to postpone the meeting initially and stated that we had a fairly short agenda.
  + Before we got into the agenda, Paul wanted to acknowledge the efforts of our managers prepping for the hurricane and spending the night during the storm making sure the units stayed as dry as possible. After the storm they went into units to dispose of perishables due to the power being out. A well deserved round of applause was given
  + Also Paul wanted to recognize others who helped with the post storm clean up, particularly Beth and John Corso.
* The secretary confirmed a quorum of the board (all present), for owners 27 units either in attendance or via proxy were represented. (\*update: with those on the phone a total of 31 units were represented).
* Proof of notice of meeting confirmed.

\***Motion to approve unread minutes of last year's meeting made by Harold Anness seconded by Steve Oyster and *Approved by voice vote.***

(Ron noted that if any owners ever want a copy of any meeting minutes, he has them all electronically and can send them to whoever might need them, and Nikki also posts the documents on the owners’ website.)

**Board vote:** We had five candidates for five positions, so no election was needed this year.

**Reports**

**Treasurer's Report:**   Steve Oyster

Steve mentioned that we use Charles L. Belote and Associates, P.A. for our accounting needs. They give us monthly financial statements which are typically out on the 10th of each month. Nikki also posts these statements on the owners’ website.

Financial report 2024 YTD: (see attachment “Watermark Projected Cash Flow through September 2024”)

* As of the end of September (9-30-24) we have $29,687 in the Truist Bank Checking account for our operating account.
  + Also have $74,098 in our operating account held in a money market account.
  + Total in operating account = $103,785
* Structural reserves account: $42,413
* Non-structural reserves account: $6,226
* Assessment funds: through September we have collected roughly half of the total assessment funds.
  + $176,811 currently held in a money market account
* Total cash in the bank: $329,436 (all held in Truist Bank).
  + Steve mentioned that the total amount insured is $250,000 and he recommends that the board investigate if the assessment funds are treated differently under the FDIC rules.
  + We currently have around $250,000 in money market accounts and the current interest rate is 4.4%
* We have no debt other than some small payable.
* Total income YTD (not including assessment) is within $600 of the budgeted $302,000.
* Total Expenses YTD are $258,937 which is $31,000 under budget but timing issues of payments along with hurricane expenses (Estimated $15,000 to $20,000) makes that fluid.
  + We try to target having approximately a $50,000 surplus going into the next year and we should be close to that.
    - Unless there is a storm or some unforeseen expense.

**\*Motion to carry over excess operating funds made by Steve Oyster, seconded by Harold Anness. *Approved by voice vote unanimously (including all proxy votes)***

We have a system in place for how to handle owners missing payments and as of the meeting, every owner is current.

This year because our total revenues will exceed $500,000, Florida Statutes put us in a “Audit” category regarding the handling of our year-end financial statements reporting for tax purposes.

* Ownership can vote to waive the “Audit” requirement and move to a “Review” method. Furthermore owners can then also vote to move from “Review” to the “Compilation” method that we have used in the past. (This can only be done every other year)
  + These votes ending up in a “Compilation” method will save us a few thousand dollars.

**\*Motion to waive the “Audit” requirement and move to the “Review” method made by Steve Oyster, seconded by Beth Corso. Motion carried with only two “no” votes via proxy.**

**\*Motion to waive “Review” requirement and continue using the “Compilation” method of financial reporting made by Beth Corso, seconded by Steve Oyster. Motion carried with just three dissenting proxy votes.**

Proposed Budget for CY2025: (see attachment “2025 Proposed Budget”)

* The proposed budget for 2025 was provided and is pending approval by the board at the board next meeting.
  + CY2025 Budget proposal shows ordinary income of $298,786 and budgeted expenses of $298,786.
    - This assumes keeping the monthly HOA fee at $700 per month (or a total of $8,200 annually which reflects a $200 discount for early payment)
* Reserve discussion will follow later in the meeting.

**Rental Group Report:**

The rental group had not met yet so there was no rental group report at the annual meeting. The notes from the subsequent rental group meeting which followed the annual meeting will be sent out separately.

**Manager’s Report:**  Dustin and Nikki Gunter

* Dustin mentioned that he constantly strives to keep everything clean, but obviously the hurricane has affected the current appearance.
* Sea Grapes and Palm trees were recently trimmed but look rough post storm.
* Update on Hot Water heaters.
  + If your hot water heater is 10 years old or older you will get a notice that replacement will be needed soon
* Elevator maintenance:
  + hydraulic fluid and seals updated.
  + Added a solid-state starter that provides smoother operation.
* Beach access gate has been helping to control the unwanted traffic.
  + Reminder that the code (1768) is the same for all gates on property.
* The shower pole at the pool has been replaced and looks much better.
* Sprinkler head replacement and maintenance is an ongoing item
  + We replaced the pump for the sprinklers as well as the control valve.
* Hurricane cleanup
  + John and Beth Corso and Mark Maler were all called out for all of their help with cleaning up all of the debris post storm.
  + Soffits and metal facia work in progress
  + Only four units needed any dry wall cutting and replacement from water intrusion from this storm.
  + The managers do a good job of keeping ServiceMaster honest in the work estimates that they perform.
  + We found that pool noodles help curtail water intrusion so we will try to keep those on hand along with “hurricane towels”.
* Overall the Watermark is in good shape and we are beginning the already scheduled restoration.
* We have been in touch with our Engineer for the building to make sure to keep up with the threshold reporting during the restoration.
* Our insurance company stopped by and were pleased with the minimum amount of damage seen.
  + They also informed us that we will be receiving sand replenishment in 2025.
    - We are cautiously optimistic that this will happen.
* A question was asked as to whether or not we have a generator on premises and the answer is no.
* A question was asked regarding whether or not our insurance covered the repairs needed from the storm, but the total cost of repairs was well below our deductible so the answer is no.
* Question raised about the lighting on the walkways and in the stairwells and Dustin said all have been replaced and if anyone notices issues to please contact him.
* Observation made that streetlights appear to be burned out in front of our building resulting in it being extremely dark.
  + We will contact the city to see what can be done.

**Old Business**

* FAQ’s and Rules and Regulations updates
  + FAQ’s update was simply to include the updated reserves requirements
  + No changes to the Rules and Regulations.
  + Question was asked as to the rule that owners can’t use the facilities if they have tenants renting their unit.
    - This rule was added due to the congestion in both the parking lot and the pool area during busy times when both renters and owners were on premises from the common unit.
    - The problem is most pronounced during the holidays and summer times.
    - This particular issue will be discussed by the board.
      * Nikki will check to see if this is in our HOA documents
  + Both of these items will be discussed in the board meeting following.

**\*Motion made by Harold Anness to table the discussion and move discussion to the board meeting. Seconded by Ron Laramy. Motion carried unanimously.**

**New Business:**

* Review the vote for new balcony and walkway color
  + As most have noticed, the current color on the walkways and balconies are very difficult to keep clean. As a result the board recommends that during the curren building restoration and painting that we change the color to a darker shade that will be easier to keep clean.
  + Color changes require owners vote, so we sent out the two options that we recommend to get an owners vote on which color is preferred. (One called “Bright Gray” and the other called “Dark Gray.)
  + From the returned voting materials the results were:
    - 5 votes for bright gray
    - 14 votes for dark gray
    - For those present everyone voted for the dark gray so that is the winner.
* Introduction of Board members for 2024 - 2025
  + Four of the five board members submitted their names again so we had one opening. As we only had one additional submission no election was needed.
  + As a result we welcome Ted Stacy from unit #406 to the Board of Directors as our new member
    - Board members are:

**Paul Bryan, Harold Anness, Ron Laramy, Beth Corso and Ted Stacy**

* We thank Steve Oyster for his service, particularly during such a hectic time with so many changes requiring extra effort from the treasurer position.
  + Steve mentioned that he has a lot on his plate for this upcoming year but he wanted to share that he thinks we have an excellent board made up of genuinely concerned and experienced owners who just want to run things as best they can.
* Congratulations to all who will serve.
* Upcoming HOA/Assessment plan discussion
  + Steve summarized where we are
    - We continue with our $700 per month HOA fee
    - We have a current assessment of $9,975 per unit, made payable in three installments
      * Some members paid the assessment in full but if you are doing it in payments, these installments were/are due on:
        + 9-1-24
        + 11-1-24
        + 2-1-25
  + For 2025 we move into the new rules which include mandatory fully funding of Structural Reserves. (Non-Structural Reserves can be partially waived but not totally)
    - We hired “Expert Reserve Services” to assist us in determining what our reserve requirements will be going forward.
    - The amounts are lower than expected primarily due to the fact that we just did an assessment for the building restoration and painting.
    - For the year of 2025 the Structural Reserves required are:
      * $1,116 per unit annually, or $93 per month per unit
      * This would be payable either in full for $1116 due on January 1st, or in $93 monthly installments due the first of each month.
    - For the year of 2025 the Non-Structural Reserves are:
      * $300 per unit annually, due January 1st, or $25 per month per unit due the 1st of each month.
        + The board recommends paying this recommended amount.
    - This is a total of $1,416 per unit annually or $118 per month per unit
    - Paul made the comment that while this is what the current reporting and analysis determined, we do believe that these amounts most likely won’t result in completely covered expenses long term.
      * There could be assessments in the future, but they will most likely not be as large as those seen in the past.
    - **IMPORTANT NOTE:** The payment of the HOA fee, the Structural reserve and the Non-Structural Reserve must be paid to 401 Management Inc. via a separate check for each as they are going into different accounts.
      * Helpful to add which payment each check is for in the notes field of your check.
    - Question was raised regarding whether the study is needed every year to determine these amounts.
      * It is not required but it is recommended to perform this analysis annually.
* Approval of the dates for next year’s owners meeting
  + Paul made note of the fact that our deposits for the catering and the facility for this year’s meeting were all successfully moved to next year.
  + Recommendation is to hold the 2025 owners meeting on October 12th, 2025
    - The rental group meeting and owners reception would be held October 11th, 2025.

**Motion made by Harold Anness that the date of October 12, 2025, be set for our next annual owners meeting with the owner’s reception the afternoon/evening of Saturday, October 11th, 2024. Seconded by Steve Oyster. Motion carried unanimously.**

**Board Members Comments**

* Paul stated that in the past there was a “State of the Watermark” section which had been fulfilled by the Board President. His thought is the managers are delivering the state of the Watermark so he prefers having each board member add any comments they see fit.
  + Paul started by talking about all of the changes we’ve seen over the past couple of years.
    - Board turnover
    - New managers
    - New accounting requirements

He thinks we’ve crossed these hurdles successfully due to the efforts of the new managers and the board and he wanted to recognize that.

* + Ron stated that as secretary his job is to fully communicate everything that is going on at the Watermark. While he tries to be as thorough as possible he wants all owners to know that if anyone has any issues, questions and/or comments to not hesitate to reach out to any of the board members.
    - Would always be open to feedback of any kind as well
  + Harold reiterated his thanks to the managers for all of their efforts during the hurricane.
  + Beth observed that it takes a team and our managers are doing an excellent job.

**Open Discussion**

* John Corso brought up that he, along with others have large trucks and that is why you will see those trucks in the spots closest to the building for easier access and not being in the way of garage access.
* It was brought up that we should consider some extra compensation for the managers due to their efforts during the hurricane
  + This is already a topic for the board meeting following the owners meeting
  + We did also raise their pay effective January 1st, 2025, as well.
* Joanne Caridis wanted to add that the managers have certainly exceeded her expectations and she wanted to thank them for their constant efforts.

**Adjournment** Motion to adjourn moved and seconded. The meeting was adjourned at 2:25 p.m.