

## **The Savoy on Palm Condominium Association, Inc.**

### **Board of Directors Meeting Minutes**

November 21, 2016

**Call to Order:** The Savoy on Palm Board of Directors Meeting was held November 21, 2016 on the Third Floor of The Savoy on Palm Condominium at 401 South Palm Ave, Sarasota, Florida 34236. The meeting was called to order by Peter Fanning at 4:00 p.m.

**Determination of a Quorum:** Board Members present were Peter Fanning, Gerald Elden, Leon Ellin, Richard Rivera, and Bob Hendel. It was confirmed that proper proof of notice of the meeting had been conveyed.

#### **Old Business:**

- Post Tension Cable Repair Contract:
  - o Peter Fanning and Bob Hendel gave a summary on the process and steps taken in the repair contract bidding process.
- 1. **MOTION** (Peter Fanning) The Savoy Cable Committee upon review and acceptance by unanimous vote at its meeting on November 18, 2016 of the contract presented by Florida Structural Group recommends that the Board of Directors of The Savoy on Palm approve the contract for Florida Structural Group for an amount not to exceed \$518,000 to repair and restore The Savoy building. After a brief discussion amongst the Board and the owners in attendance, the motion passed unanimously.
- Post Tension Cable Repair Financing:
  - o Leon Ellin presented the attached report on the three possible financing options.
- 2. **MOTION** (Leon Ellin) to proceed with seeking owner approval to finance the post tension cable project by borrowing the required amount from the reserve accounts. Motion seconded by Richard Rivera. After discussion between the Board and the owners in attendance, the motion passed unanimously.
  - o Peter Fanning directed Bill Veal to contact Jeff Whittaker and have him prepare and mail out the proper notice and proxy for a Special Member's Meeting to take place as soon as possible.
- 3. **MOTION** (Peter Fanning) The Savoy Cable Committee recommends the Board of Directors of The Savoy on Palm direct legal counsel of The Savoy on Palm at Becker & Poliakoff to file as soon as possible a Complaint and Demand for a Jury Trial against Turner Construction and other parties as may be determined by legal counsel to be liable under the actions forming the basis of the Complaint. After discussion between the Board and the owners in attendance, the motion passed unanimously.

**New Business:** None at this time.

**Owner Comments:**

- Tony Ciliberti explained to the Board the problem he is having getting his cars washed now that his service provider is not allowed to use the parking lot next to The Savoy. He made a request to the Board and asked them consider allowing car wash services to wash vehicles on the north side of the front driveway during a predetermined day and/or time.
- Allen Klein asked if the option of adding a drain into the garage guest spaces and converting it into a car wash area. Bill Veal and Peter Fanning informed him that it was looked into a few years back and was not possible at that time due to cost and environmental concerns. Peter Fanning said that he would add this item for discussion at the January Board meeting.

**Adjournment:** There being no further business, the meeting was adjourned at 4:41 p.m.

CABLE PROJECT FINANCING ALTERNATIVES

The cable project has now reached the phase where financial commitments are necessary. The total cost of the project, barring surfacing of issues which are not known or expected at this point in time, is shown below by element:

Florida Structural per Bid	\$ 518,000
Project contingency @ 15%	77,700
Bid and performance bond @ 1.75%	9,065
Project oversight - Slider Engineering	<u>25,000</u>
PROJECT SUBTOTAL	\$ 629,765
Legal fees & other	<u>20,235</u>
	<u>\$ 650,000</u>

There are three practical methods for dealing with this expenditure:

1. Raise the funds by special assessment. This would result in an assessment between \$25,000 and \$29,000 for the 22 regular units and of course more for the penthouses.
2. Borrow the money from a bank. Based on a ten year loan at 5% per annum, the annual cost would be roughly \$80,000. This would raise the unit assessments by roughly \$3,000 per unit (more for the penthouses) per year for 10 years.
3. Borrow the money from the balances in our reserve accounts. At the end of September we had \$730,000 in reserves and are raising a bit over \$10,000 per month in our reserve assessments.

To remain fully funded, the only requirement we must continue to meet, besides maintaining steady funding with no "balloon" payments, is to show that our projected reserve balances are always sufficient to meet our expected expenses in each year for the next 30 years.

Exhibit I attached shows the yearly reserve assessments and expense projections for the next 30 years. It also shows the loan of the cable project amount, and the repayment (in the column entitled "Extra Assessment") of that amount at a rate of \$30,000 per year (about \$1,000 per unit per year). In this projection, we remain fully funded at all times.

I have also attached Exhibit II, which shows the effect of spending \$800,000 on the cable project rather than the \$650,000 expected. If this contingency occurred, which we have no reason to expect, we could still fund from our reserves with only a small increase (about \$300 - \$400 per unit per year) in payments.

Due to the avoidance of special assessments and the lack of any significant downsides to this course of action, the Finance Committee is recommending that the Board proceed to ask the Association Members to approve borrowing the necessary funds from the reserves.

# EXHIBIT I

#	YEAR	BEGINNING BALANCE	ASSESSMENT	INCR. ASSESSMENT	EXTRA ASSESSMENT	LOAN	EXPENSES	EARNED INTEREST	RATE	ENDING BALANCE	MAJOR EXPENSE ELEMENTS
1	2017	\$ 751,842	\$ 128,174	6.81%		\$ 650,000	\$ -	\$ 4,400	0.50%	\$ 234,416	
2	2018	234,416	130,737	2.00%	30,000	-	22,603	2,964	0.75%	375,514	
3	2019	375,514	133,352	2.00%	30,000	-	25,493	5,389	1.00%	518,762	
4	2020	518,762	136,019	2.00%	30,000	-	196,158	8,560	1.25%	497,183	Exterior Painting
5	2021	497,183	138,740	2.00%	30,000	-	187,490	9,989	1.50%	488,418	Redecorate common areas and elevators
6	2022	488,418	141,514	2.00%	30,000	-	22,993	11,549	1.75%	648,488	
7	2023	648,488	144,345	2.00%	30,000	-	-	16,457	2.00%	839,289	
8	2024	839,289	147,232	2.00%	30,000	-	20,678	25,413	2.50%	1,021,256	
9	2025	1,021,256	150,176	2.00%	30,000	-	51,886	36,043	3.00%	1,185,589	
10	2026	1,185,589	153,180	2.00%	30,000	-	1,063,585	41,063	3.00%	346,247	Roofs & terraces - \$600/planters - \$300
11	2027	346,247	156,243	2.00%	30,000	-	175,535	15,975	3.00%	372,930	Exterior Painting
12	2028	372,930	159,368	2.00%	30,000	-	13,399	16,869	3.00%	565,768	
13	2029	565,768	162,556	2.00%	30,000	-	116,447	22,750	3.00%	664,627	
14	2030	664,627	165,807	2.00%	30,000	-	173,360	25,813	3.00%	712,886	Tile floors and walls
15	2031	712,886	169,123	2.00%	30,000	-	101,256	27,360	3.00%	838,114	
16	2032	838,114	172,505	2.00%	30,000	-	48,192	31,219	3.00%	1,023,646	
17	2033	1,023,646	175,955	2.00%	30,000	-	-	36,888	3.00%	1,266,489	
18	2034	1,266,489	179,475	2.00%	30,000	-	288,754	44,279	3.00%	1,231,488	Exterior Painting
19	2035	1,231,488	183,064	2.00%	30,000	-	31,599	43,337	3.00%	1,456,290	
20	2036	1,456,290	186,725	2.00%	30,000	-	1,135,101	50,190	3.00%	588,105	Elevators - \$800/Common area upgrade - \$145
21	2037	588,105	190,460	2.00%	30,000	-	79,994	24,257	3.00%	752,828	
22	2038	752,828	194,269	2.00%	30,000	-	31,564	29,313	3.00%	974,845	
23	2039	974,845	198,154	2.00%	20,000	-	72,140	35,790	3.00%	1,156,650	
24	2040	1,156,650	202,117	2.00%		-	-	40,763	3.00%	1,399,530	
25	2041	1,399,530	206,160	2.00%		-	237,515	48,171	3.00%	1,422,246	Exterior Painting
26	2042	1,422,246	210,283	2.00%		-	608,401	48,976	3.00%	1,073,104	Generator - \$197 and railings - \$400
27	2043	1,073,104	214,489	2.00%		-	21,196	38,628	3.00%	1,305,024	
28	2044	1,305,024	218,778	2.00%		-	49,117	45,714	3.00%	1,520,400	
29	2045	1,520,400	223,154	2.00%		-	38,518	52,307	3.00%	1,757,343	
30	2046	1,757,343	227,617	2.00%		-	1,941,675	59,549	3.00%	102,833	Roof & terraces - \$989/planters - \$485
		\$ 5,199,773			\$ 650,000	\$ 6,748,753		\$ 899,971			

# EXHIBIT II

#	YEAR	BEGINNING BALANCE	ASSESSMENT	INCR. ASSESSMENT	EXTRA ASSESSMENT	LOAN	EXPENSES	EARNED INTEREST	RATE	ENDING BALANCE	MAJOR EXPENSE ELEMENTS
1	2017	\$ 751,842	\$ 128,174	6.81%		\$ 800,000	\$ -	\$ 4,400	0.50%	\$ 84,416	
2	2018	84,416	130,737	2.00%	35,000	-	22,603	1,876	0.75%	229,427	
3	2019	229,427	133,352	2.00%	35,000	-	25,493	3,978	1.00%	376,264	
4	2020	376,264	136,019	2.00%	35,000	-	196,158	6,841	1.25%	357,966	Exterior Painting
5	2021	357,966	138,740	2.00%	35,000	-	187,494	7,976	1.50%	352,187	Redecorate common areas and elevators
6	2022	352,187	141,514	2.00%	35,000	-	22,993	9,252	1.75%	514,961	
7	2023	514,961	144,345	2.00%	40,000	-	-	13,986	2.00%	713,292	
8	2024	713,292	147,232	2.00%	40,000	-	20,678	22,513	2.50%	902,359	
9	2025	902,359	150,176	2.00%	40,000	-	51,886	32,776	3.00%	1,073,425	
10	2026	1,073,425	153,180	2.00%	40,000	-	1,063,585	37,998	3.00%	241,018	Roofs & terraces - \$600/planters - \$300
11	2027	241,018	156,243	2.00%	40,000	-	175,535	13,118	3.00%	274,844	Exterior Painting
12	2028	274,844	159,368	2.00%	40,000	-	13,399	14,226	3.00%	475,040	
13	2029	475,040	162,556	2.00%	40,000	-	116,447	20,328	3.00%	581,476	
14	2030	581,476	165,807	2.00%	40,000	-	173,360	23,618	3.00%	637,541	Tile floors and walls
15	2031	637,541	169,123	2.00%	40,000	-	101,256	25,400	3.00%	770,808	
16	2032	770,808	172,505	2.00%	40,000	-	48,192	29,499	3.00%	964,621	
17	2033	964,621	175,955	2.00%	40,000	-	-	35,417	3.00%	1,215,994	
18	2034	1,215,994	179,475	2.00%	40,000	-	288,754	43,064	3.00%	1,189,778	Exterior Painting
19	2035	1,189,778	183,064	2.00%	40,000	-	31,599	42,385	3.00%	1,423,629	
20	2036	1,423,629	186,725	2.00%	40,000	-	1,135,101	49,511	3.00%	564,764	Elevators - \$800/Common area upgrade - \$145
21	2037	564,764	190,460	2.00%	35,000	-	79,994	23,707	3.00%	733,936	
22	2038	733,936	194,269	2.00%	30,000	-	31,564	28,746	3.00%	955,387	
23	2039	955,387	198,154	2.00%		-	72,140	34,606	3.00%	1,116,008	
24	2040	1,116,008	202,117	2.00%		-	-	39,544	3.00%	1,357,669	
25	2041	1,357,669	206,160	2.00%		-	231,615	46,915	3.00%	1,379,129	Exterior Painting
26	2042	1,379,129	210,283	2.00%		-	608,401	47,682	3.00%	1,028,693	Generator - \$197 and railings - \$400
27	2043	1,028,693	214,489	2.00%		-	21,196	37,295	3.00%	1,259,281	
28	2044	1,259,281	218,778	2.00%		-	49,117	44,342	3.00%	1,473,285	
29	2045	1,473,285	223,154	2.00%		-	38,518	50,893	3.00%	1,708,814	
30	2046	1,708,814	227,617	2.00%		-	194,675	58,093	3.00%	52,849	Roof & terraces - \$989/planters - \$485
		\$ 5,199,773			\$ 800,000	\$ 6,748,753		\$ 849,987			