Association of St. C Condominium Owners

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MINUTES
Board of Directors Meeting
December 8, 2021 – 7:30PM

CALL TO ORDER
The Board of Directors' meeting was called to order at 7:36 pm.

ROLL CALL

Directors Present:
Pres. Christine Merna (304)
Vice Pres, Victoria Rivera (205, 212)
Treasurer, Jessica Hodge (107), via Zoom
Secretary, Mark Pratt (309)
Marjorie Robbins (139, 144, 301), via Zoom
Sibyll Jones (207)
Todd Charles (243), via Zoom
Kay Christiansen (211), via Zoom

Directors Absent:
Shay Richardson (115)

St. C Staff:
Jerraine Miller (General Manager)
Patrick Nugent (Operations Manager)

Owners in Attendance:
Anne Marie Medina (337)
Jackie Joseph (341)
Wendy De Abreu (136)
Luz Solarez (225)
Johanna Erznoznik (125)
Anne Montgomery & Ryan Pickard (118)
David Charles (241)
Karen Rasmussen (231)
Tommy McGlothlin (309)
José Saldaña (338)
Brad Clark (240)
David Charles (241)
Martin Levy (236)
Roy Megnin (344)
Diana Robinson (302)
Mia Pirnat (340)
Dana McDougal (242)
Dave & Olga Capriola (137)
Roy Megnin (344)
Sue Diverio (327)
Joy Usich (117), via Zoom
Vera Baquet (205), via Zoom
Brad and Linda Johnson (202), via Zoom
Darin & Melinda, (223), via Zoom
Yeisan Matthew, (307) via Zoom
Linda Johnston (202), via Zoom
Eurkres Rawlings (237), via Zoom
Sharone Pierre (336), via Zoom
Neal Litton (129), via Zoom
Michelle Moore (232), via Zoom
Theresa Thomas, (321) via Zoom
Carmen Delia Diaz, (104) via Zoom
Diane Petrushkevich (103), via Zoom
Fitzgerald Lawrence (304), via Zoom
Michael Tymchak (342), via Zoom
Daniel Huston (138), via Zoom

APPROVAL OF AGENDA

MOTION [M. Pratt] – Adopt the meeting's agenda as presented

This motion was seconded by J. Hodge. All Board members present voted in favor of the motion, which was subsequently carried.

HAIL AND FAREWELL

Welcome & Introduction of New Owners

- C. Merna acknowledged and welcomed new Owners at St. C (Carmen Diaz – 104; Henry McAtee – 308; Beckers – 116; Anne Montgomery & Ryan Pickard – 118; Dean Brothers – 229; Bruce & Melissa Bundgaard – 141)

Farewell to Shay Richardson

C. Merna expressed her gratitude to Shay Richardson who is departing St. Croix in December 2021 for Florida. Shay's contributions while serving on the Board included significant changes in the St. C office's filing processes, and this greatly improved our ability to organize payroll, invoice processing, etc. Both Shay and her husband, Claude, will be greatly missed.

APPROVAL OF PAST MINUTES

MOTION [J. Hodge] – Approve the minutes for the October 20, 2021 Board meeting as presented by the Secretary

This motion was seconded by T. Charles. All Board members present voted in favor of the motion, which was subsequently carried.

MOTION [J. Hodge] – Approve the minutes for the November 10, 2021 Board meeting as presented by the Secretary

This motion was seconded by V. Rivera. All Board members present voted in favor of the motion, which was subsequently carried.

MAINTENANCE MANAGER'S REPORT

Patrick Nugent provided a verbal summary of his Maintenance Report (attached)

Comments/questions:

1. Patrick added that functionality has been added to the St. C website for Owners to add maintenance tickets. There are currently 49 registered users of the website. Patrick encouraged all Owners to register and use this feature to request maintenance, as this will allow for better tracking of maintenance issues.
2. C. Merna added that Patrick has been diligent in meeting with Owners and prioritizing maintenance activities since joining our team at St. C.

GENERAL MANAGER'S REPORT

Jerraine Miller provided a verbal summary of her General Manager's Report. The following topics/ accomplishments during her first 24 days in her role included the following:

- I have brought back the gardener Mr. Joseph Payne who have proven to be an asset to the organization. Many owners have commented on the work he is doing and expressed appreciation.

- Flag is always flying and lower with notification according to protocols
- We are in the process of hiring a cleaning person to maintain the office, bathroom, hallway and restaurant area, laundry area, hallway to the apartments, pool restrooms and the Dolphin Suite
- Clean up of the maintenance area
- Hanging of pictures in the hallway
- Re-installment of the STOP sign
- Verify that there is completed I-9 for all employees on file with supporting documentation
- Vendors file are created
- Owners file are updated and created for new owners
- Payroll reports are printed with payroll
- Conducting research on non-reconciled accounts
- Updating QBs as necessary
- Cutting of grass around sign at Judith Fancy road and around entrance
- Spoke with Mr. James at Public Works about the road condition at the entrance and on 7 December. Mr. Shulterbrand came by and looked at the area but would not be able to do anything at this time. He took some pictures and will review them with Mr. James who is currently off island. He said the road is beyond patching and overlay will not work because of the concrete that was put on the road. Management will work with the Board on determining next steps.

  Comments/questions: None

OFFICERS' REPORTS
The following reports by the Officers were presented:

President's Report
Refer to the report by the President (attached to agenda package) for details on Board activities since the November meeting. These include the following:

- Owners' support of the Board and available methods of expressing Owner concerns
- Recent improvements at St. C and ongoing projects
- Farewell to Shay Richardson
- Reminder about construction noise
- St. C website and Facebook pages
- Reminder about COVID-19 safety protocols

Comments/questions:
C. Merna provided some additional comments on the President's report as follows:

- Acknowledged the contributions of our new General Manager
- Acknowledged the contributions of our new Operations Manager, especially with regard to the recent timely replacement of the pool filter system
- Acknowledged the contributions of on-island and off-island Directors
- Wished all Owners a joyous and safe holiday season
- Acknowledged the selfless service, sacrifices and commitment of our military in commemoration of the 80th Anniversary of Pearl Harbor

Vice President's Report
Vicki Rivera provided a verbal summary of the Vice President's report, which included the following:

- Working with the GM on the VIYA issue. Developing a list of questions for the VIYA account manager regarding service outages, service options, etc.

- Will be taking over the chair position of the Social Committee – Owners will be getting an invite to join the committee. Recognize there remain challenges during the COVID-19 pandemic, but we can still organize some social activities safely.
- December 18, 2021: Would like to have a small holiday social in the lobby. Anticipate communications to Owners through Facebook, website and email.
- Would like to add the Social Committee back on the agenda for future board meetings.

Secretary's Report
Refer to the report by the Secretary (attached to agenda package) for details on Board voting pertaining to the following topics:

- Changes to check signatories – Added Vicki and Mark as signers; removed Shay as signer
- Purchase of Thanksgiving gift certificates for St. C staff
- Pool filter emergency repair/replacement

Comments/questions: None

Treasurer's Report
Refer to the report by the Treasurer (attached to agenda package) for details on the following topics:

- Profit & Loss through October 31, 2021
- Balance Sheet as of October 31, 2021

Comments/questions: None

COMMITTEE UPDATES
Most of the committees have been on hiatus having completed and provided their deliverables to the Board for consideration. However, the following updates were provided by the Committee Chairs or Liaisons:

Finance Committee (Jessica Hodge – Chair)

- Refer to the Finance Committee Update presentation (attached) delivered by the Finance Committee Chair. The presentation provides the facts supporting the Finance Committee's recommendation for an increase in HOA fees starting January 1, 2022. This recommendation was supported by a majority vote of the Finance Committee during the open meeting held on November 15, 2021.

  Comments/questions: Refer to Owner Concerns document

Legal Committee (Kay Christiansen – Chair)

- Notified on December 7, 2021 that Unit 124 is now available for sale (expiration of the IRS liens)

Comments/questions: None

Communications Committee (Tommy McGlothlin – Chair)

- Generic email addresses are being created for officers and directors to facilitate succession planning as board composition changes. New Officers and Directors will have access to historical emails to facilitate productivity and transparency.
- Call for Owners to join the Communications Committee in 2022

  Comments/questions: None

Buildings and Grounds Committee (Todd Charles – Chair)

- On hiatus until January 2022
- Thank you to Owners who have provided input/concerns, as these have influenced many of B&G's projects to date
- Call for Owners to join the B&G Committee in 2022

Comments/questions: None

Bylaws Committee (Jessica Hodge – Chair)

- Refer to the Bylaws Committee Report and the Rules & Regulations Subcommittee Report provided by the committee chairs and contained in the agenda package.
- Last Bylaws Committee meeting was held on November 16, 2021
- Bylaws revisions were compiled and submitted to the Board for their final review
- Next step is a legal review by the Association's attorney

<u>Rules & Regulations Subcommittee (Kay Christiansen – Chair)</u>

- Last meeting for 2021 occurred on December 7, 2021
- Minutes of this meeting should be available shortly
- Kay Christiansen thanked the team for their efforts in addressing/updating the R&Rs
- Activity will resume in January 2022

Comments/questions: None

Nominating Committee (Kay Christiansen – Chair)

- Call for all Owners to get involved in the business of the Association by offering their bios for consideration to fill Board vacancies
- The extended deadline for submitting bios for consideration in filling the vacancy created by the resignation of Shay Richardson is Friday, December 10, 2021, 4:00 pm AST
- After filling the current Board vacancy, the Nominating Committee will turn its attention to presenting and recommending election procedures to the Board for filling the three vacancies that will occur as terms expire in 2022
- These election procedures were developed in 2017 and have been followed each year since 2017
- Watch for an announcement from the Nominating Committee with a call to Owners for bios/ applications for candidates to fill the three vacant positions

Comments/questions: None

OLD BUSINESS

<u>Pool Opening</u>

- The pool is up and running with a watchful eye by St. C management on the known leak
- A scope of work for pool refurbishment will be developed in 2022

Action Items

Review of Action Items from October 20, 2021 Board Meeting yielded the following status:

Description	Responsibility	Status
Action Item #8: Discuss with Shay Richardson the Social Committee's role in future rentals of the restaurant space **Comment:** Tabled due additional restrictions imposed due to resurgence in COVID-19 cases; Vicki to assume responsibility	Vicki Rivera	**On Hold** (see comment)
Action Item #22: B&G to act on the recommendation regarding the successful bidder for replacement of the emergency generator. **Comment:** Waiting on scope of work (see Action Item #28)	Todd Charles	**On Hold** (see comment)
Action Item #25: B&G to evaluate ongoing O&M costs for pool heater project and present estimated monthly/annual cost to Board **Comment:** Board is deliberating on the full scope of pool renovations, and this item may be included.	Todd Charles	**In Progress** (see comment)
Action Item #28: Develop a scope of work for the emergency generator replacement project to include labor for removal and installation/commissioning.	Christine Merna / Patrick Nugent	**In Progress** (see comment)

NEW BUSINESS

Discussion of Shay Richardson's resignation request

- Board to officially accept Shay's resignation as a Director effective December 8, 2021.

  MOTION [J. Hodge] – Accept Shay Richardson's resignation from the St. C Board of Directors effective December 8, 2021.

  This motion was seconded by S. Jones. The motion carried by a unanimous vote of the Directors present.

Discussion of Monthly Fee Increase

- C. Merna called for a motion on the recommendation of the Finance Committee

  MOTION [M. Pratt] – Accept the recommendation of the Finance Committee to raise the monthly HOA fees by $200 effective January 1, 2022.

  This motion was seconded by T. Charles. The motion carried by a majority vote of the Directors present. This constituted a majority of the Board with seven (7) "Yes" votes, one (1) non-vote (S. Richardson) and one (1) "Nay" vote (M. Robbins).

Discussion of 2022 Annual Meeting date and time

- Proposed date of February 19, 2022 (President's Day weekend) from 5:00 – 7:00 pm
- This is a long holiday weekend, and it is hoped that this will be well-attended by both on- and off-island Owners
- Owners' poll open until December 20, 2021 to indicate preference of possible alternative dates
- Please complete this Owners' poll by the due date

Owners' Poll - Publication of Personal Information

- Owners' poll open until December 20, 2021 to gauge the interest of Owners to provide information other than Unit number and legal Owner's name

- Please complete this Owners' poll by the due date

Board Opening Announcement

- Come join the St. C Board of Directors and be part of the solution!
- Refer to the deadline for submitting bios/applications for the current vacancy as discussed in the Nominating Committee update

Employee Holiday Fund

- Suggesting an annual tradition of establishing a holiday fund for Owners to contribute to a fund which will be used exclusively to reward the St. C Staff over the holidays
- This has been recommended by a number of Owners
- The General Manager will be the point of contact in collecting donations to the fund

OWNERS' CONCERNS

Refer to the attached document for the recorded Owners' Concerns for the December 8, 2021 meeting and Board responses.

ADJOURNMENT

MOTION - There being no further business, on motion duly moved by M. Pratt, seconded and carried by V. Rivera, the meeting was adjourned at 9:46 pm AST

Minutes submitted and approved by:

Mark A. Pratt

Mark Pratt, Secretary

Finance Update

Presented December 8, 2021

What are the facts behind the Finance Committee's recommendation for a fee increase?

- Finance Committee Meeting November 15, 2021:
  - ➢ Reviewed 2020 projected expenses
    - o By year end 2021 the shortfall in operational funds = approx. $500k (<u>even with additional **$217k in PPP income)**</u>
    - o It would have required fees to be $953/month to be balanced
    - o Without PPP income, to be balanced for 2021, income dues would have needed to be $1,056/month
  - ➢ Finance Committee recommends an initial increase of $200/month for a total of $850/month effective January 1, 2022

What are the facts behind this increase?

- Expenses continue to increase while St. C income has not
  - ➢ No increase in dues since before 2017 hurricanes
  - ➢ Historically, fees were $650 with no increases (est. 2016)
    - o Fees were decreased to $600 in 2018
    - o Went back up to $650 in 2020
    - o No change since
  - ➢ Cost of insurance skyrocketed in 2018
    - o Insurance premiums increased from $139k (before hurricane claim) to $568k
    - o The Assoc. has been collecting only $202k in owners fees since 2019
    - o Current insurance premium is $460k ($258k/132/12 = $163/month)

The facts …

- The amount collected for cable does not cover the cable bill
  - Over $10k annually in losses has accrued and has been sitting on the balance sheet without being addressed
- General cost of materials/labor/etc. required to perform normal maintenance has increased
  - Minimum wage 1/1/2017 was $7.25/hr; currently $10.50/hr
  - Material along with import costs have increased – especially since COVID
  - Water expenses are always costly and will continue

The facts …

- St C is a high-maintenance, aging property
  - Pool needs major repairs/ none for 15 years
  - Generator needs replacement/ approx. 15 - 20 years old
  - Water plant and lines need maintenance
  - Concrete repairs throughout the property are a high priority
  - Other areas have been neglected and need attention

The facts …

- Non-operating funds were used to cover operating costs
  - Insurance deductible and long-term repair accounts
    - Reserve funds for insurance deductible and long term repairs reported as being collected were not transferred to any account on the balance sheet
    - Funds collected for these reserve were used for operating costs
  - Hurricane funds
    - As with the reserve funds, hurricane funds were used to make up the deficit

What is the plan moving forward?

- Diligently reviewing financials to eliminate unnecessary expenses
- A reserve study is being discussed to determine a plan to fund future repairs/replacement
- An appraisal of the property is underway to ensure that the property is adequately insured
- After this increase, annual increases may be needed until a balanced budget can be achieved
  - ➢ Fees need to both cover operating costs and fund reserves

Hurricane Funds

- Like reserves, hurricane funds were received for a single purpose: specified hurricane-related repairs
- Funds earmarked for an assigned purpose are a liability until used for that purpose
- These funds should have remained on the balance sheet until used
- When hurricane funds are used, those expenses should be reflected on the Profit & Loss (P&L) report as a hurricane expense

Hurricane Funds, cont.

- As spent and expensed on P&L, an offset entry with an equal "income" on P&L (total impact on P&L would be zero) and equal decrease to liability on balance sheet
  - ➢ As the hurricane funds were used, we would have seen the funds fall off of the balance sheet from the liability account and subsequently seen them on the P&L how much was spent
  - ➢ Capital improvement entry would be made by the auditor at year end as deemed appropriate as well as the depreciation.
  - ➢ This would have allowed everything to hit the P&L and a trackable balance account would have allowed our Owners to watch as the funds were being used

Hurricane Funds, cont.

- Bookkeeping practices prior to the current Board:
  - Initial hurricane funds were received on P&L reflecting a year end of millions in profits in 2018 for a not-for profit company
  - When those monies were identified as income and cleared under retained earnings after that year end, the tracking of such funds was lost because only overall balances of the bank accounts were available
  - This is problematic, as deficiencies in budgeting and subsequent spending slowly eats away at the previous year's earnings without tracking and accounting for those monies

Hurricane Funds, cont.

- As a result:
  - ➢ The capital improvement account has been increasing slowly as checks have been written out of that one balance sheet account
  - ➢ Transactions have been skipping any P&L expenses - losing a layer of tracking
  - ➢ There is no way to look back at the previous financials to figure out what has been spent versus what we “should” have left in hurricane funds – all you can see are the bank balances. This is not accurate because the operating deficit has been depleting the bank balances

Summary

- For years the Association was spending reserve and hurricane funds in order to cover operating expenditures
- Fees must be increased in order to cover the operational costs and reserve funds
- Going forward, hurricane funds must be tracked both on the Balance sheet and P&L