

# Oceans Grand Owners Association, Inc.

## Board of Directors Meeting – March 29, 2018

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Present: Paula Rizzo, President. Rick Weiss, Treasurer  
Phil Day, Vice President Wyc Woodfin, Director at Large  
Jo Stevens, Secretary.  
Shane Payne, CAM

The meeting was called to order at 10:00 a.m. by President, Paula Rizzo. It was noted that 33 people were in attendance, including Directors and our Community Association Manager, Shane Payne.

President Paula introduced the members of the Board of Directors and thanked everyone for coming to the meeting today. She related that due to a request we would have copies of the Agenda available at future meetings. Jo Stevens, Secretary, advised that the minutes of the January 25, 2018 and February 27, 2018 were previously circulated by email to all Directors, accepted, and submitted to our CAM, thereby eliminating any need to read the minutes today. The minutes were unanimously approved after a motion was made by Director Day and seconded by Director Weiss.

Treasurer, Rick Weiss, gave his report. He advised that due to a glitch after incorporating adjustments from the 2017 audit, we are unable to generate the financial reports for our monthly recap. He is working on the problem and should have the information to be distributed next month in the OGram. Rick went over the report in detail and the report is attached to and made a part of these minutes. Our objective is to keep our Reserve Account at \$500,000.00. A question from the floor addressed having over \$250,000.00 in cash at times in the Charles Schwab account. After discussion it was noted that our Treasurer will keep a close watch over the distribution of our funds to avoid any money being in an unprotected account. Also included in his report was information regarding our documents allowing interest and late fees for monthly maintenance fees that are past due. He advised that present accounting procedures we are using do not provide for this option. Our CAM, Shane Payne, is preparing a proposal to address the fees and how they should be initiated. Rick's report also addresses the very favorable audit for 2017 which will be addressed in the next part of our meeting.

Director, Phil Day, gave a report of his review of the 2017 audit. His report is attached to and made a part of these minutes. It is his feeling that the audit was "a very good one". At the end of the report a motion was made by Director Weiss to accept the audit and approve the

\$5,000.00 fee which was seconded by Director Woodfin. All Board Members voted in the affirmative.

Community Association Manager, Shane Payne, gave his report. He advised that there is a chance that the air conditioning will remain on during the replacement of the cooling tower supports. If not, sometime in the next two weeks, we will be without air conditioning for two or three days while that work is being completed. Regarding the painting of the building, he advised that there are six steps to be completed on each stack. He asked that we have finished product before complaining. They will be washing, sealing, painting walls, caulking, spraying ceilings, and last, painting the balcony. They will be moving up and down the stack completing one step at a time. When your balcony has been painted and it is dry, then you can replace your balcony furniture. Also, if anyone has an issue with storing furniture, there is a room on each floor where things can be stored. Those rooms are not for long term storage but can be used for the painting project. An additional crew has been brought in and they will be working on two stacks at a time. We are now working on stacks one and three. He related that the project is a little behind due to weather and things we cannot control. A resident asked about painting the railings and Shane advised that we are not addressing the railings at this time. We are painting the building and then plan to complete the parking deck project. The railings will be addressed in the future. Director Weiss advised that the Budget Committee is looking at the railing project. It is possible that the railings will be addressed over multiple years like the carpeting project. They cannot be painted but must be coated, and this could potentially be very expensive. They must be taken down to be coated and it may be more economical to replace them. There is a lot of homework to be done.

Committee reports followed. Sharon Woodfin, representing the Social Committee, thanked everyone for attending the St. Patrick's Day dinner and said we are looking forward to our April Jimmy Buffett and May Cocktail parties.

Jo Stevens, Chairperson of the Library Committee and Landscape Committee gave a short report advising that new bookcases have been added to the Library and the Library has been reorganized for better use of the space. She related that the Landscape Committee continues to plant and maintain flowers around the property, but our hands are tied right now on the main landscaping due to the resurfacing of the parking lot.

Wyc Woodfin, Chairperson of the Maintenance Support Committee, advised that a new natural gas grill has been ordered and will be placed in the pool area. A trash can will be placed in the area and it will be the responsibility of those residents using the grill to be sure the grill and the area around it are cleaned after use. A new sign to be placed overhead in the recycle area has been purchased and was reviewed. Wyc emphasized that plastic bags are not to be placed in the recycle bin and all cardboard boxes must be broken down. Plastic bags should be placed in the containers for kitty litter or grease and will be properly discarded by our maintenance team. Also, no air conditioner filters should be placed in the recycle container. These can be placed on the floor outside the bins or by the maintenance room. Shane reminded us that our

dumpsters are not to be used by contractors who have done work in our units. Any trash generated by them is to be discarded in another location.

Phil Day, Chairperson of the Communications Committee advised that two more owners have volunteered to serve on the committee. He related that the committee will be working on the website update to include items which are required by Florida Statute 718 and to make our website dynamic and unique.

The resolution which was tabled in the January meeting relating to the motion by Director Day to affirm the OGram as the primary and official tool to advise our members and other interested parties of the business of our Association was revisited. All Directors voted in the affirmative and the motion was passed.

In the President's report, Paula commented on the roof project which is coming along beautifully. She advised that residents will be notified in advance of the need to remove balcony furniture for painting but also asked any residents leaving for extended periods of time, whether we are painting or not, to remove everything from the balcony. Paula talked about the need for us to remain patient as we go through all the projects we are working on. Sometimes residents go into Shane's office with "a big head of steam". She asked that everybody just take a big breath before we walk in and jump on our Cam. She asked for our new policy to be one of asking questions before complaining. Also, we need to have boundaries. The maintenance men are not our personal handymen. Shane has provided his personal cell phone number to us, but we should not be calling him early on Saturday morning or late on a weekend night to report a light bulb out or that someone was rude in an elevator. This number is provided for emergencies.

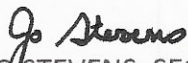
Paula advised that she has been in close contact with the Supervisor for the Community Building project next door and has been informed that they will finish and occupy in late April or May. The grass beside the new sidewalk will be replaced and the four wheel vehicles will be using the sidewalk and not on the grass.

Paula apologized for the confusion on our meeting dates. Today's meeting was originally scheduled for March 22 but was rescheduled for today due to conflicts the Board of Directors had. That information was not posted timely. We will not be setting the next meeting date today to avoid a recurrence of the problem. Also, we made a mistake and caused confusion by not sending out coupon books for condo fees this year. Those will be sent out next year. Paula asked everyone to be sure Shane has their email address so that they will receive communications. The project regarding getting stickers on all the cars in the garage was a big success, but there are still a few cars without stickers. A new customized notice has been developed for residents to place on these cars and copies will be kept in the acrylic container by the maintenance room. If you see a car without a sticker, place a notice on the car. A question was asked about the need for stickers on cars on the second level. After discussion it was decided that only cars in the garage need to have a sticker. Also, we are not concerned about cars being in a different space other than noted on the sticker.

As for Owner's Comments, a resident advised that some of the workers on the project next door have been eating lunch and leaving trash by the bocce ball courts. Paula will address that with the Supervisor. A resident asked about more gym equipment. It was pointed out that we are not "24 Hour Fitness", but there is a plan to add more equipment in the future. A resident complimented the Board on doing a fantastic job and asked that we keep up the good work. A resident asked about a directory for our building. It was noted that information is available on the website of the Volusia County Property Assessor. Some residents do not want their information posted. This is not a high priority item for the Board at this time, but the request has been noted.

The meeting adjourned at 11:30 a.m.

Respectfully submitted,

  
JO STEVENS, SECRETARY

## March 29<sup>th</sup> Board Meeting Notes / Treasurer's Report

1. Due to a glitch with Quickbooks after the adjustments from the 2017 audit, we are unable to generate key financial reports for our monthly recap to the Board and owners. (Actual dollars spent to the month end & YTD dollar amount budgeted)
  
2. The Charles Schwab Reserve Accounts as of 2/28/18 shows:
  - Total value of \$1,011,595 (income less fees = \$1,595 )
  - Cash on hand \$186,595
  - 2018 CD's coming due total \$650,000
  - 2019 CD's coming due total \$175,000
  
3. Cash flow recap reflecting 2018 projected reserve expenditures:
  - Two CDs – coming due in 2018: 3/28 \$100,000 – 5/14 \$245,000 leaving a cash balance of \$430,000
  - In May 2018 purchase a \$200,000 CD for 12 months
  - Pay outs include: Pump room motor, Cooling Tower repair and Repair / Paint exterior of the building by August 1<sup>st</sup> leaving a cash balance of \$103,000
  - Projected income for the balance of the year = 111,000
  - Projected planned & unplanned reserve expenditures totaling \$70,000
  - Two CDs – coming due in 2018: 7/19 \$205,000 – 9/24 \$100,000 leaving a cash balance of \$450,000
  - We can complete half of the parking deck project schedule for 2019 (300K?) or reinvest \$350,000 into two 6 month CDs leaving a cash balance of around \$100,000 at yearend
  - If we start the parking deck the CD's coming due are as follow: January \$125K / May \$200K / Sept. \$50k totaling \$375,000
  
4. The O/G Bylaws allow us to charge interest and late fees for monthly maintenance fees that are past due. The Quickbooks system has not been programed to add those changes. The interest is based on the current market value and late fees are to be determined by the Board. Shane is preparing a proposal to address this step.
  
5. I am pleased to announce that OG had a very favorable audit for 2017 going from pages of adjustments in 2016 under Morbitzer to less than a ½ of a page with the new system. Based on Phil's background we have asked him to present his evaluation of the audit. (Request acceptance of the audit and approve payment for the service received / \$5,000)

To: Rick Weiss, Treasurer  
Shane Payne, CAM

FR: Philip Day, Vice-President

Re: My Review of 2017 Audit

I wanted to elaborate a bit on my take of the audit findings provided by our outside auditors. I have stated before that I thought that the overall audit was a very good one, particularly in light of all the challenges we have faced with the exiting out of Morbitzer and us managing all of the accounting and bookkeeping services. I feel it reflects an excellent effort to account for and manage our financial resources at the highest levels.

When I reviewed the Audit Findings, I assumed Rick that you had reviewed the specific financial statements provided by the Auditors and that you feel that they balance out with what you have generated (with the Budget Committee's help) on an on-going basis. What I look for in the narrative is more to do with the process of conducting the audit and whether or not certain issues have been raised.

First, I want to see that the Auditors have expressed an opinion that the materials and evidence presented to them were sufficient and appropriate to provide a basis for their opinions. They have clearly indicated that were.

Secondly, I look for the Auditors to express a positive opinion about the financial statements and evidence has been presented fairly and in conformity with generally accepted accounting principles. They so stated....."in all material respects".

Thirdly, the Auditors indicated that all of the financial transactions entered into by the Association during the year have been recognized in the financial statements in the proper period. This is important to know because it reflects an on-going effort to "account" for all of the expenditures during the time in which they occurred.

I was further impressed by the Auditors recognition of the attention given by our Financial team to the issue of Reserves for future major repairs and replacements. They indicated that they evaluated the key factors and assumptions made by our outside reserve study consultants and our internal team and determined "that it is reasonable in relation to the financial statements taken as a whole." That is good news.

I was also pleased to see that they observed....and this is a positive....that the financial statement disclosures are "neutral, consistent and clear". Further, they also observed that they had "no significant difficulties in dealing with management in performing and completing our audit.".....Another good thing!!

In any audit process conducted by outside auditors, they always request info, we provide, and we go back and forth responding to each other to insure clarity and correctness. In that process, items are worked on, things are clarified and corrected, and finalization of statements is completed. Is is heartening to know that not only did the Auditors not experience any difficulties with management, but for all of the audit procedures and statements clarified/corrected by management because of this give and take dialogue, none of these were of a material nature. That is very critical.....if an audit cites a "material weakness", that is a big problem because what it suggest is that within the accounting procedures followed by management there is a potential for some level of fraud to take place. To our credit, that is clearly not the case and we have done an exemplary job of conducting the financial affairs of the association and accounting for same. Credit goes to you two guys, our Budget Committee, and our Board.

I hope the aforementioned review provides a bit more backup as to why I think this is a very good Audit Report!

CC: Board of Directors