

HARBOR OAKS PLACE, INC.

Budget Adoption Meeting
Monday, November 25, 2024
Location: Social Room, First Floor

Call to Order: 6:42

- 1. Certify Quorum of the Board:** Yes – Dave, Gary, Dan on phone, Carey joined; also in attendance was Tim from Ameritech
- 2. Proof of Notice of the meeting:** Not addressed, but notice mailed to owners and posted November 11, 2024

Adam Lopatin from USI Insurance said our insurance renews on December 1st. Currently our premium has increased from \$107,000 to \$109,000 (approximately a 1% increase). Florida Statute 718.111 mandates that condos be insured for the replacement value as determined by an appraisal every 36 months. We had a first appraisal setting the value at \$20,580,000, up from \$15,648,000 from our previous appraisal. We have requested a second appraisal. The lower of the appraisals will be submitted to the insurance company and our premium will be adjusted. It is expected we may need to make an additional premium payment of as much as \$24,000 towards the end of the 1st quarter of 2025.

Tim explained that 36 owners are needed to have a quorum for a vote; 43 owners voted

- 3. Vote on Financial Reporting Waiver:** 39 voted for; 5 against
- 4. Vote on Roll Over Excess Funds:** 43 voted in favor

Tim went over the budget:

- The sale proceeds for 206 are on the 2025 budget as revenue and then offset by the expense that will be paid out in 2025. The expense is currently on the schedule as “Pipe Repairs” and “Capital Gains Tax.”
- Gary explained that on the advice of Eddy Page, our accountant, we will file a tax return reporting the sale of 206 as taxable and pay the tax. We will immediately file an amended return explaining why the transaction should not be taxable. This is to be conservative. If the IRS were to disagree and say that the transaction is taxable, we would be liable for the tax plus interest and penalties. By doing it this way we would save the expense of the interest and penalties.
- Our Lawn Service changes as of 1/1, when we use Gingo instead of Russel as their fees are higher. We also increased Tree Trimming.
- The Cooling Tower Contract also decreased slightly as we are changing from ISS to Kraus.
- During the discussion there was an adjustment (decrease) of \$1,700 to Telephone Expense due to the fact we are no longer using Frontier but using a cell phone for our door entry.
- Our Cable bill is a 3-year contract with no increase so there should not be an increase here. The Budget was adjusted down by \$2,750.
- As far as the SIRS components of the reserves – we are not required to start the reserves until 2026 and we do not have our final numbers. We will have the final numbers before the end of this year, and we have elected to get a head start on the reserves by starting them in 2025.

- Our budget includes a reserve of \$107,977 for Insurance that will be paid in December, but this will be higher based on the new appraisal. We are moving \$25,000 from the plumbing reserve & the \$4,450 that was adjusted to the budget as we were going through it, to the insurance line to bring it up \$137,427.
- We had \$25,000 Hurricane damage & cleanup and which included \$12,000 damage on the roof which is below the \$750,000 deductible on our insurance and not in our budget. This can be paid for either with the Deferred Reserve or the proceeds from 206. We also had damage to the carports that are covered by a replacement cost policy. We are getting two quotes. If any poles were compromised, they will be replaced.
- It was pointed out that although by law our monthly fees cannot be raised more than 15% a year, this does not include insurance or reserves, which is most of our increase.

5. Board Approval of 2025 annual Budget: Carey made the motion to approve; Dave 2nd and it carried

Old Business:

- Dave said that there was concern about Ameritech's 3-year contract binding the new board to a longer-term contract. The 3-year contract came with no annual increase. Tim said he got Ameritech to agree to a 1-year contract without the 3 year no increase.
- As mentioned, we are waiting for the 2nd appraisal; this won't affect the budget as it appears the increase this will cause to our premium will be paid with some of the proceeds from 206.
- We received a 2nd quote on the carport just prior to the meeting. Insurance will pay for the replacement, but they will need to approve the amount. This is currently estimated at \$99,000.
- We have elected not to have an audit for 2024. But with revenue over \$700,000 we will be required to have an audit for 2025. Our CPA said an audit will be about \$6,500.
- There have been questions about the sale transaction for Unit 206. Gary has a detailed worksheet of the total transaction for anyone that wants a copy.

New Business:

1. It was reminded that there are 5 Board seats available and Intent to be a Candidate needs to be in before December 6th.
2. There have been questions about Petty Cash Disbursements including the payments made to Linda, our cleaning lady. In 2023 we were in jeopardy of losing her and increased her salary by \$1/hour which still did not take her up to other offers so the board decided that as she is not our employee, but Ameritech's, we could give her a gift card of \$250/quarter.
3. Social Club Update: Linda Kempter said the Friendship Social is on Tuesday, The Giving Tree is for the benefit of----, an organization that helps battered women and children. The women often arrive with their children with nothing – they can use diapers, baby things, clothing, jackets (gently used), etc. Contributions will be accepted up until the week before Christmas.

6. Adjournment: 7:59 Gary made a motion to adjourn, Carey 2nd; carried