

# Meeting summary for BOD meeting to Approve 2026 Budget, Wednesday, 12.3.25

## Quick recap

The board meeting focused on reviewing and approving past meeting minutes while discussing significant budget overages and delinquent unit assessments that have created financial challenges for the association. The group addressed reserve funding strategies and legal proceedings against delinquent owners, while also reviewing contracts and negotiating costs for various services including Spectrum and fire alarm systems. The conversation ended with discussions about proxy voting concerns, assessment increases, and ongoing maintenance issues, with the board approving the 2026 budget.

## Next steps

- Don: Check the email distribution records to verify that owners did receive the proxy/budget notice emails and confirm the date and method of distribution.
- Don: Update future important email notifications (especially those requiring owner proxy action) to include clear, attention-grabbing subject lines (e.g., "Important - Response Required") to improve owner awareness and response rates.
- Marvin: Send out the upcoming proxy for pooling reserves, ensuring improved visibility and clarity for owners, and coordinate collection of the required 88+ votes.
- Don: Include the 2026 approved budget and relevant proxy forms in the first notification for the annual meeting, to be sent out on Friday, with improved email subject line.
- John (and Keystone): Prepare and provide a detailed breakdown of all payouts, spend per building, change orders (including explanation of the \$185,600 change order), and forecasted remaining work for the two-story building concrete restoration project, to be reviewed at the next meeting.
- Don: Call John and Keystone's Chief Engineer (Casey) to ensure the air conditioner rack and dryer vent issues are prioritized and resolved and then update Steve on progress by tomorrow.
- Don/Board: Place the two-story building concrete restoration project status and change order review on the agenda for the next board meeting (scheduled for the 10th).
- Don: Send the second notification for the annual meeting after the candidacy period ends (December 25th), including the list of candidates and relevant voting ballot forms.

## Summary

### Budget Shortfall and Delinquency Issues

The board meeting was held with all members present in the room for the first time in many months. They approved meeting minutes from November 25th and October 15th, which included discussions about HR issues and the budget committee's proposed budget. Marvin reported that the 2025 budget was significantly underfunded, with the association being over budget by \$80,000 to \$100,000. The reasons for the shortfall included two delinquent units that owe approximately \$40,000 in assessments, and unanticipated expenses

totaling \$69,000. The board also discussed ongoing legal proceedings against the delinquent unit owners and upcoming tax liens in Brevard County.

## Budget Review and Operational Adjustments

The meeting discussed the current budget overages and the proposed 2026 budget. Marvin reported they would be \$90,000 over budget for operational expenses, but with a \$45,000-50,000 door fee from Spectrum, the overage would be reduced to \$40,000-50,000. The Budget Committee, led by Marvin, reviewed contracts with Spectrum and the fire alarm system company, securing stable 5-year contracts with cost reductions. They also addressed the need to fund reserves, which would increase monthly assessments to \$790, and discussed legal actions for delinquent assessments.

## Foreclosures and Reserve Funding Strategies

The meeting focused on two main topics: foreclosure proceedings and reserve funding strategies. Regarding foreclosures, there was a discussion about the progress of legal actions, with concerns raised about the attorneys' aggressiveness in pursuing cases. The group discussed the potential for settling judgments at closing and the importance of maximizing returns while minimizing risk. On the reserve funding front, they reviewed historical data showing the gap between full and partial funding amounts, with particular attention to the significant increase in required reserves for 2026, which was noted to be barely sufficient for basic needs.

## Budget and Proxy Voting Updates

The board discussed the association's budget and reserves, noting that for the first time they have a reasonable budget that meets state requirements and covers all reserves, significantly reducing the likelihood of future special assessments. They clarified that the three garages and remaining two-story concrete work were not included in the current budget forecast due to their long past lifespan condition and the need to focus on long-term funding. The board also addressed concerns about proxy voting, with several owners reporting that they did not receive the required notice and discussed the need to ensure proper communication with all owners for any future decisions. Note: This concern turned out to be false and the owners claiming to not receive the budget email notification did receive the budget email but did not read it.

## Proxy Distribution and Reserve Planning

The discussion focused on the distribution and collection of proxies for a board meeting and budget approval. It was noted that proxies were sent in an email labeled as a board meeting notification, with the proxy included as an attachment. The group discussed the low return rate of proxies, which has historically always been low even when mailed out separately. They also discussed the importance of maintaining adequate reserves for future asset replacement, as outlined in the SIRS report. The conversation ended with a plan to send out another proxy request to consolidate existing reserves into two main pools: non-SIRS and SIRS reserves.

## Assessment and Insurance Review

The board discussed concerns about increasing assessments, with the current annual fee of \$790 being questioned considering prior year increases and fixed incomes of some residents. They reviewed insurance costs, noting a significant reduction of \$100,000 in the previous year after exploring different brokers, and discussed the limited options available for services like utilities and trash pickup due to state mandates. The board acknowledged their competitive position compared to neighboring properties, with assessments being among the lowest on A1A, while also addressing concerns about maintenance issues at other properties.

## Reserve Fund Management Strategy

The board discussed the importance of maintaining and building up reserve funds to avoid future special assessments for major capital projects. They highlighted that while the 2026 planned \$90 monthly assessment increase is significant, it will help accumulate funds for future repairs and replacements over the next 5-7 years. Paul Grafoni's negotiations with the CERS representative resulted in more manageable numbers, potentially saving the association \$8 million over 30 years. The board agreed that regular negotiations with the SIRS engineer should continue to maximize savings and ensure proper reserve funding.

## Enhancing Communication for Owners

The board discussed concerns about communication methods, particularly regarding financial matters and proxy votes. Owners expressed frustration that important decisions, including a \$1,000 annual fee increase, were communicated primarily through email without clear labeling or physical mailings. The board agreed to implement a new email labeling system for important communications requiring owner response, though they maintained that statute authorized electronic notifications would continue despite some owner requests to revert to physical mailings. Individual owners retain the option to withdraw their electronic communication approval which would force their mail communication on all Association business that would also increase Association expenses. History has proven that many owners do not read mailed Association documents unless prompted by a board member.

## 2026 Budget Proxy Voting Update

The meeting focused on proxy voting and the 2026 proposed budget. Only 10 proxies were received, falling short of the 88 votes needed to consider alternative funding. The first notification for the annual meeting, including the budget, will be sent out on Friday. With the limited number of proxies received, the conversation ended with a motion to approve the 2026 budget as recommended by the Budget Committee, which was seconded and passed.

## Annual Assessment and Budget Review

The board discussed a \$790 annual assessment set to begin in January, with the possibility of adjustments based on insurance concessions by April or May. They reviewed a \$1.08 million forecast for ongoing concrete restoration work, noting they were under budget due to better-than-expected conditions in some buildings. Rick

raised concerns about a \$185,600 increase in change orders, which Don agreed to investigate further with Keystone. The board confirmed that future board meetings would remain on Wednesdays rather than switching to Tuesdays.

### Building 10 Dryer Vent and HVAC Issues

The meeting focused on ongoing issues with air conditioning racks and a dryer vent problem in Building 10. Steve expressed frustration about the lack of progress on these issues, which have been ongoing since February. Don promised to contact Keystone's chief engineer, Casey, to address the status, particularly the dryer vent issue. The group discussed potential solutions for the air conditioning noise, including using bushings and gaskets, though this project was delayed due to the contractor's absence.

### Disposition of Motions presented during the meeting

	Motion	Status	Vote
1.	Approve Meeting summary for Budget Committee Presentation BOD Meeting, Wednesday, 10.15.25	Approved.	
		Don Copeland	Yes
		Perry Allen	Yes
		Marvin Hora	Yes
		Steve Westcott	Yes
		Mike Adams	Yes
2.	Approve Meeting summary for 11.25.25 BOD HR Meeting	Approved	
		Don Copeland	Yes
		Perry Allen	Yes
		Marvin Hora	Yes
		Steve Westcott	Yes
		Mike Adams	No
3.	Approve the Budget Committee recommended 2026 Budget	Approved	
		Don Copeland	Yes
		Perry Allen	Yes
		Marvin Hora	Yes
		Steve Westcott	No
		Mike Adams	No
4.	Adjourn the meeting	Approved	
		Don Copeland	Yes
		Perry Allen	Yes
		Marvin Hora	Yes
		Steve Westcott	Yes
		Mike Adams	Yes