

**MINUTES**  
**Board of Directors Meeting**  
**March 16, 2010**

The meeting was called to order at 3:20 p.m. by President Sandor Korein.

Mr. Lisbon affirmed that the meeting agenda was posted in a timely manner.

**Board Members Present:**

|                          |                            |                                 |
|--------------------------|----------------------------|---------------------------------|
| Sandor Korein, President | Don Eslick, Vice-President | Dr. Larry Jacobs                |
| Carole Maeder            | Anne Mele                  | David Lisbon, <i>Ex officio</i> |

Also present: Bob Luttrell, Secy. & Treas.

MOTION: Dr. Jacobs. SECOND: Ms. Maeder. To approve the minutes of the meeting of February 15, 2010. Passed unanimously.

**Officers' Reports**

**Treasurer's Report.** As of February 28, 2010, the balance in the Operating Account was \$249,324, and the balance in the Reserve Account was \$377,398.

Section 718.112(2)(f) of the Florida statutes states that unless members of a condominium association vote to maintain no reserve account or a reserve account in an amount less than stipulated by law, an association must maintain a reserve account for capital expenditures and deferred maintenance. The statute stipulates that the proper amount to be held in the reserve account shall be determined by the remaining useful life and estimated replacement cost or deferred maintenance expense of each reserve item. Although the statute provides that the proper amount of reserves shall be calculated by a formula, the law in fact does not provide a specific mathematical formula to be used. In prior years, the reserve assessment was based upon a revenue schedule provided by WCI in 2001 and modified annually thereafter. While auditing our 2008 financial statements the accounting firm of Myers, Brettholtz & Co. recommended an annual reserve assessment of \$212,293, or double our actual 2010 reserve assessment of \$106,000. The Board hoped that the engineering study noted below would provide some guidance, but none was forthcoming. Although neither the Budget & Finance Committee nor the Board can estimate the amount or timing of assessment increases with precision, unit owners should be aware of the fact that reserve assessments probably will increase by a material amount in future years. Please note that this caveat pertains only to **Reserve Assessments**, which currently represent only about twelve percent of your total assessment.

**Committee Reports**

**UOC.** Mr. Ribble reported that the annual Pelican Landing fund raising project for Children's Hospital has raised more than \$27,000, or almost three times as much as its original goal.

**Unfinished Business**

A. Building Condition/Reserve Study A recently enacted Florida law requires certain condominiums to have a structural study completed by an engineer or architect at least once every five years. Two primary purposes of the study are to identify any structural projects that may be required to maintain the integrity of the building and to estimate the amount of reserve funds required to pay for such projects. The Board retained Karins Engineering Group to complete such a study, and the firm recently submitted its report based upon its inspection of the building. **Copies**

**of the report are available to all attendees of the Board meeting, and thereafter copies of the report will be available in the office. The report addresses four areas of concern:**

1. Routine maintenance items such as cracks in the parking lot asphalt, the pool deck, and the parking garage wall. These matters can be resolved at little or no cost; most, if not all, of the work can be done by our staff.

2. In some locations the metal frames of the lanai railing systems "show signs of coating deterioration and corrosion." The engineering firm recommends the removal and replacement of all railings and screen cages at an estimated cost of \$300,000. It also suggests that in the interim the railings should be repainted at an estimated cost of \$150,000. The painting has an estimated life of five years. Therefore, if this work were done, and if the Reserve Assessment were raised to cover the full cost of the painting project, the sum of \$30,000 per year would be added to the Reserve Account calculations. This would result in a per unit assessment increase of approximately \$350 to \$550 per year, depending upon unit size, for a period of five years. If the entire railing and screen cage system were replaced at a cost of \$300,000 and if the new materials would have an estimated life expectancy of twenty years, in order to reserve the full cost of the project the Reserve Assessment would be raised by \$15,000 per year, and each unit owner would pay an additional \$175 to \$275 per year in reserve assessments. Please note that there are no plans to begin any part of these suggested projects, and no work would be commenced or recommended prior to a review of the matter by our Preventative Maintenance/Engineering/Technology Committee and by at least one outside contractor having no relationship with the engineering firm.

3. The firm expresses concern about waterproofing, or lack thereof, of the lanais. The report recommends "that the existing tile surface be completely removed [from all lanais] and that the lanai decks be stripped down to bare concrete." Any deterioration of the concrete should be repaired, and a flexible urethane waterproofing membrane should be installed directly over the concrete. However, the report does acknowledge that because all lanais are covered with tile or other surface covering "we were unable to verify the existence of or confirm the condition of any existing waterproofing membrane on the lanai decks." Inasmuch as the presumed absence of waterproofing material cannot be confirmed at this time, the Board does not plan to act on this recommendation until substantially more investigative work has been completed. The engineering firm estimates the cost of this project to be \$400,000, and its functional life to be twenty years. If the reserve assessment were increased to cover this cost, it would increase by \$20,000 per year, or between approximately \$235 and \$365 per unit. The report recommends that the railing and lanai work should be performed at the same time the entire building is painted, and it suggests this work should be done in 2013, two years before the next scheduled exterior painting.

4. Addressing the ongoing issue of mitigating heat gain in the corridor, Karins discourages the use of a tinted coating on the inside of the windows because of the possibility that the windows may become superheated and crack.

Although it is unlikely that these recommendations will be adopted without considerable review and revision, if at all, unit owners will be advised of ongoing study of these matters and their potential financial consequences.

**B. Interior Design Report** Designer Pam Crockett reviewed some of the design elements she previously has presented in conjunction with the proposed redecorating of the lobby, social room, and guest suites. She also noted three changes in her proposal based upon comments made by unit owners at the two resident meetings: to replace rather than clean the rug in the lobby, to change the social room wallpaper to a lighter color, and to change the upholstery on lobby chairs.

**C. Unit Owners Survey** Donna Luttrell reported that the survey of unit owners' preferences in the matter of the prospective redecorating noted above has been completed, and the results have been distributed to all owners. Thanks to John Duder and Bill Ribble for suggesting the use of the Survey Monkey site. All owners were advised of the survey by means of an email that had links both to the survey and to the web page showing photos of Ms. Crockett's display boards.

**D. Strategic Planning Decision** At the February 15, 2010, meeting of the Board of Directors, it was moved by Mr. Eslick and seconded by Ms. Maeder and moved by Dr. Jacobs and seconded by Ms. Mele, contingent upon the occurrence of designated conditions precedent, to approve the

presentation of a referendum to all unit owners permitting them to vote on the appropriation of up to \$200,000, one-half from existing reserve funds and one-half from a special assessment, for the refurbishing of the lobby, social room, and guest suites, subject to the affirmative vote of the required majority of voters, present by proxy or in person, at a properly called meeting where a quorum is present. The conditions precedent noted in the minutes of February 15, 2010 have occurred. Therefore, Mr. Eslick MOVED and Dr. Jacobs SECONDED the following: To present the following referendum to all unit owners:

A. Shall the Association authorize the refurbishing of the Sorrento lobby in a manner consistent with the forthcoming final report of interior designer Pamela Crockett at a cost not to exceed \$68,000, one-half to be paid from existing reserves and one-half to be paid by a special assessment?

B. Shall the Association authorize the refurbishing of the Sorrento social room in a manner consistent with the forthcoming final report of interior designer Pamela Crockett at a cost not to exceed \$115,000, one-half to be paid from existing reserves and one-half to be paid by a special assessment?

C. Shall the Association authorize the refurbishing of the Sorrento guest rooms in a manner consistent with the forthcoming final report of interior designer Pamela Crockett at a cost not to exceed \$17,000, one-half to be paid from existing reserves and one-half to be paid by a special assessment?

Said referendum shall be expeditiously submitted to all unit owners and shall contain reasonably detailed information about all elements of the prospective projects.

Motion passed unanimously.

Unit owners should be aware of the fact that information, including color photos of furniture and social room carpet and wall covering, will be available on the Sorrento web site. If you are not familiar with the procedure for accessing the web site, please contact the Sorrento office.

### **New Business**

Response To Engineering Report Mr. Korein has been advised that lanais in all Colony towers comply with existing building codes despite the fact that none has the waterproofing membrane recommended in the engineering report. on their lanais. Therefore, although the issue of water intrusion is not to be ignored, there does not seem to be a need to treat this matter as an emergency.

Mr. Korein also reported that a heat repelling window coating is being used in only a limited area of one Colony tower. However, that building reports that the coating has effectively reduced temperatures in the treated area and has not caused broken windows or other problems.

MOTION: Mr. Eslick. SECOND: Ms. Mele. To direct Mr. Lisbon and the Technology Committee to select a contractor to install without cost window coating in a limited hallway area, probably on the fifth floor, and to measure the temperature in that area and compare it to the temperatures in one or more unheated areas in order to determine the effectiveness of the coating.

Motion passed unanimously.

The next meeting of the Board of Directors will be held on a date and at a time to be determined.

The meeting was adjourned at 5:10 P.M.