

**Canaveral Towers Management, Inc (CT)  
Board of Directors Meeting  
February 6, 2023**

**Call to Order/Establish Quorum**

President John-David Bartoe called the meeting to order at 5:31pm. All Board members were present. John-David Bartoe, Kevin Mann, and Karen Witherspoon in person; Jonathan Biard and Ed Bugner via Zoom. Approximately eighteen owners attended in person with fourteen more via Zoom.

**Approval of Minutes**

Kevin/Ed moved and seconded a motion to accept minutes of December 7, 2022, as submitted. Motion carried unanimously.

**Approval of Organizational Meeting Minutes**

Karen/John-David moved and seconded a motion to accept minutes of the Board of Directors Organizational Meeting held January 9, 2023, as submitted. Motion carried unanimously.

**Elevator Bid Review Presentation**

Liberty Elevator presented all bids for the modernization of CT elevators. The bid review is attached. The next step is for the board to interview the top two contenders (Skyline Elevator and Delaware Elevator). All board members showed interest in attending.

**Officer and Director Reports**

John-David, president, reported that both elevators are running fine at this time.

John-David stated that both the president and the treasurer failed to turn over electronic files.

John-David reported that the \$100K loan to cover shortfalls in the Operations budget was executed in December. The intent is this will be a short-term loan until CT has time to determine the size of a special assessment to pay the loan off and to cover other shortfalls.

Treasurer:

Jonathan Biard, treasurer, presented the Treasurer's report (attached) outlining the Finance Committee's recent work to determine the state of all finances at CT. He explained that the Committee has had to re-construct much of the information due to the absence of CT financial records and documents that should have been given to Jonathan when he took office. Jonathan presented a list of unexpected expenses that are not in the CT budget.

During the Jonathan's presentation, John-David clarified that fire sprinklers are not required inside owner units. The City only requires sensors and sounders in every bedroom, kitchen and living room, since CT now has over 50% of transient rental units. CT is pursuing a wireless solution and the first preliminary cost estimate from ATP is \$350K - \$500K, which is not included in the FY23 Reserves budget.

**New Business**

Pool pump – The state requires CT to upgrade the pool pump. Karen/Kevin moved and seconded to upgrade the pump for \$8,784. Motion carried unanimously.

Reserve study – There is a bid for \$3,400 to perform a reserve study. Kevin/Ed moved and seconded to approve the funds and have the study done. Motion carried unanimously.

Elevator tower – There is a bid for \$15,505 to repair the elevator tower. Kevin/Karen moved and seconded to approve the funds and have the repairs done. Motion carried unanimously.

Milestone inspection – There is a bid for \$6,000 for a milestone inspection. Kevin/Karen moved and seconded to approve the funds and have the inspection done. Motion carried unanimously.

Ratifications:

Pool ladder – Kevin/Ed motioned to ratify the replacement of the pool ladder for \$2,326.25. Motion carried unanimously.

Elevator tower – Kevin/John David motioned to ratify the stripping and inspection of the elevator tower for \$3,729.62. Motion carried unanimously.

John-David suggested that owners become involved to help the Board with the workload. If any owners have specific experience or interest that might be helpful, please contact any Board member.

### **Old Business**

There was no old business to discuss.

### **Owner Comments**

Lauren Biard reiterated John-David's request for volunteers.

An owner asked that the task list for Ron, the CT maintenance engineer, be made available to owners.

### **Action items**

- Cyndi will provide John-David with full documentation, including emails, regarding the turning over of Canaveral Towers files from Rob Walker's personal computer to the new Board.
- Cyndi will contact the insurance broker this week to inquire about bids.
- Cyndi will reach out to Sonia Fatheree for help with securing the required insurance renewals.
- John-David will send a list of maintenance tasks to owners that they may be able to assist the board with.
- The Board will review and update the task lists of the two CT employees and make them available to owners.

### **Next Meeting**

Elevator interview meetings will take place later in February.  
The next full Board meeting will be in March.

### **Adjournment**

The meeting was adjourned at 7:57pm EST.

Respectfully submitted,

Lauren Biard  
Assistant Secretary  
Canaveral Towers Board of Directors

## Treasurer Update: Accomplishments and Learnings

### What's been happening the first month



- **Visited each of our banks to remove old signatories and add most new BOD.** Removed several people with signing authorities who had not been on the BOD for several years.
- **Financial Management Practices @ CT are currently heavily manual and not well secured**
  - Online banking not enabled for any of our banks which means we must wait for statements to be mailed before we can reconcile monthly financial statements, and we are not able to make online billing payments for reoccurring pre-approved vendor expenses
  - Manual processing causes inefficiency and unnecessary work for Board and supporting roles that could be handled directly by our banks or with a more full-service bookkeeping team
  - Ensured a password was added to the CT Computer for additional security
- **Submitted a Letter of Authority to establish a Finance Advisory Committee.** Jorge Fernandez, current owner and CPA will be the Chair. *Request for Owner Support: we need more Owners to PLEASE volunteer – folks who are willing to jump in, roll up their sleeves, and help us drive this important area of work forward.*

# Treasurer Update: Accomplishments and Learnings

## What's been happening the first month



- **Received our FY22 CPA Review (30+ days late).** Recommendation to evaluate our future CPA services needs to see if a new CPA may be better able to meet reporting timelines of Statue 718.
- **Spent significant and unnecessary time trying to research and piece to together how each of the two key budgets (Operating and Reserves) were forecasted for FY23.**
  - Previous BOD President has refused to share the electronic forecast / projection file used to create the current Reserves Budget and confirmed the file was deleted after the BOD election meeting.
  - Previous Treasurer, and current Director of Board, refused to share electronic forecast / projection file used to create the current Operating Budget and confirmed the file was deleted after the BOD election meeting. 2/5 Update: scanned PDF of handwritten Ops budget changes were shared from previous Treasurer. Will evaluate.
  - Current CT CAM confirmed receipt of forecast / projection file for Ops Budget which was used to create our QuickBooks FY23 budget. They were not able to find this file and believe they deleted it. Unfortunately, the QB version of the budget does not provide any underlying assumptions for how monthly expenses were calculated. Right now there are more questions than answers, and it will take several more weeks to sort out the true state of the FY23 budgets.

## Treasurer Update: Operating Budget

### What we've learned so far



- **Budget vs Actual for the period of 4 months (10/1/22 – 1/31/23). Several accounts already showing overages in excess of \$1000 each:**
  - Building Maintenance \$2,185; Elevator \$1,557; Unit 110 \$1,484; Office Expense \$1,173
  - \$100K line of credit loan approved by previous Board on 12/7. It is unclear how the FY23 budget was (re)forecasted to ensure this is paid off in a timely manner with minimal interest fees.
- **Operating budget funds are burning too fast and too early.** This appears to be happening for 3 main reasons: 1) unexpected expenses hitting the budget early in the year; 2) over leveraging prepaid COA funds early in the year instead of holding/spreading throughout the year; 3) unknown budget forecasting. Could be timing related but we do not have the budget assumptions to provide accurate assessment.
- **Key Vendor Contracts are not being well managed or regularly renegotiated.** Spectrum is a good example where we are currently paying \$65 for basic Wi-Fi and programming. Through some quick research we have identified that other similar condo buildings are getting High Speed Internet and premium channels for a comparable or lower cost.

# Treasurer Update: Unexpected or Higher Expenses

A few early observations and BIG unexpected numbers



Here are just a few observations where we have already identified expenses are higher than the existing budget or unexpected / unplanned:

Operating Budget		
Expense Description	Estimated \$ Amount	Higher or Unexpected ?
Insurance (expected to double this year vs. 22% increase in current budget per previous BOD Treasurer) Due in April?	~\$140,000 ???	Higher
State-required Pool pump upgrade	\$8,784	Unexpected
Reserve Study	\$3,400	Unexpected
Pool ladder replacement	\$2,326	Unexpected
Milestone 1: Structural Inspection	\$6,000	Unexpected
Line of Credit Loan from Sunrise Bank	\$100,000	Unplanned

Reserves Budget		
Expense Description	Estimated \$ Amount	Higher or Unexpected ?
New Elevators (including Security)	\$650,000 - \$950,000	Higher (Hard copy budget shows \$140K; 2027)
Fire Sprinkler Pumping Engine (Rebuild or Replace)	\$50,000 - \$300,000	Unexpected (\$21K; 2026)
City-mandated Condo Unit Fire Alarms with Enunciator	\$350,000 - \$500,000	Unknown (\$147K; 2026)
Emergency Power Backup Generator	???	Unexpected (\$21K; 2026)

*Note: 2024 Budgets will need to include: 1) \$15K for Owner-requested audit of CT's financials; 2) Funding for State-mandated Structural Integrity Reserve Study – unknown cost. Every 3 years we are required to complete a state-mandated Building Appraisal – 2026 budget requirement.*

## Treasurer Update: Reserves Budget & Special Assessment

We still have a lot to figure out



- **Reserves Budget.** We pretty much have a lot of numbers without a lot of context. Without the source files used to create this budget, we have little insight into how the Reserves were forecasted, calculated, or the underlying assumptions. Based on the “Unexpected” expenses that will likely hit the Reserves Budget this year, this budget does not appear to be in good shape.
- **The burning question we all want to know: How likely is it that we’ll need a Special Assessment(s)?**
  - Answer: Highly Likely.
  - How much with the assessment be? Honestly have no idea yet until we do some further analysis which we hope to complete by mid-to-late March.

# Treasurer Update: What's Next?

## Focus Areas



### Primary Focus:

1. **Continue to scrub both budgets and reforecast based on new learnings and unexpected expenses.** Goal is to have this complete by mid-March, maybe earlier.
2. **Provide a clear recommendation on “If and When” a Special Assessment may be required.** Should have a pretty good idea mid-to-late March.
3. **Fully establish the Finance Advisory Committee.** We need more Owners to PLEASE volunteer – folks who are willing to jump in, roll up their sleeves, and help us drive this important area of work forward.

### Secondary Focus:

- **Reevaluate Banks.** Are we getting the best rates and the best services for large amount of money each Bank manages on our behalf?
- **Simplify and drive more efficiency in our Financial Management Practices.** Opportunity for online banking, online payments, and LockBox processing of deposits