

**Eagle Tree Condominium Association, Inc.**  
**108 Night Hawk Drive**  
**Jupiter, FL 33477**

**BOARD OF DIRECTORS MEETING**

**September 15, 2014**

A Board of Directors meeting of the Eagle Condominium Association, Inc. was held on September 15, 2014 via teleconference

**Present from the Board of Directors were:** David Oestreich, President; Louise Berkman, Secretary; Pete Ciccone, Treasurer; Sal Monasero, Member

**Guests present were:** Timbers Resorts Team present: Lisa Richards, Chris Burden, Elliot Lawrence, Jesse Geremia, Andrew Blake, Sarah David & Lillian Jean

**CALL TO ORDER**

The meeting was called to order by David Oestreich, President, at 10:02am, Eastern Time.

**ESTABLISHMENT OF QUORUM**

With four Board members present at the time of roll which included David O., Louise, Pete & Sal a quorum was met.

**PROOF OF NOTICE OF BOARD OF DIRECTORS MEETING**

- Notice of the meeting was posted to ownership 15 days in advance of the meeting

**APPOINTMENT OF RECORDING SECRETARY**

Mr. Oestreich appointed Lisa Richards as Recording Secretary.

**APPROVAL OF AGENDA**

- A motion was made by Louise Berkman to approve the Agenda as presented. The motion was seconded by Pete Ciccone and unanimously carried.

**APPROVAL OF PREVIOUS BOARD OF DIRECTORS MEETING MINUTES**

- A motion was made by Louise Berkman to approve the meeting minutes from June 10, 2014. The motion was seconded by Sal Monastero and unanimously carried.

**APPROVAL OF TIMBERS MANAGEMENT AGREEMENT**

- A motion was made by Sal Monastero to formally approve the Timbers Management Agreement the Board negotiated with Timbers Resorts. The motion was seconded by Louise Berkman and unanimously carried.

### **APPROVAL OF TIMBERS RECIPROCITY PROGRAM (TRP) AGREEMENT**

- A motion was made by Sal Monastero to formally approve the TRP agreement with the Association. The motion was seconded by Louise Berkman and unanimously carried.

### **APPROVAL OF VARIOUS AGREEMENTS WITH TRUMP**

- A motion was made by Louise Berkman to formally approve the Space Lease with Jupiter Golf Club, LLC (Trump) and the Association. The motion was seconded by Pete Ciccone and unanimously carried.
- A motion was made by Louise Berkman to formally approve the Ground Lease with Jupiter Golf Club, LLC (Trump) and the Association. The motion was seconded by Pete Ciccone and unanimously carried.
- A motion was made by Louise Berkman to formally approve the Master Joint Services Agreement between Jupiter Golf Club, LLC (Trump), Eagle Tree Property Owners Association, Inc (POA) and the Eagle Tree Condominium Association, Inc. (COA). The motion was seconded by Pete Ciccone and unanimously carried.
- A motion was made by Pete Ciccone to formally approve the Landscape contract with Jupiter Golf Club, LLC (Trump) and the Association. The motion was seconded by Sal Monastero and unanimously carried.

### **APPROVAL OF TRANSITION BUDGET**

- A motion was made by Sal Monastero to formally approve Timbers transition budget in the amount of \$596,432. The motion was seconded by Louise Berkman and unanimously carried.

### **APPROVAL OF ADP DEPOSIT**

- A motion was made by Pete Ciccone to formally approve the ADP deposit necessary to open an account for payroll services in the amount of \$93K. The motion was seconded by Louise Berkman and unanimously carried.

### **APPROVAL OF MOVING FROM 13 FINANCIAL PERIODS TO 12**

Lisa Richards explained the Association currently uses 13 periods for financial reporting. The number of financial periods currently aligns with the number of payroll periods under the Ritz-Carlton management. Timbers recommends moving the Association to a 12 period financial reporting cycle to align with the calendar months of the year. To accomplish this and begin clean in 2015 the remainder of 2014 would have the following financial period end dates:

- Period 9: last financial reporting cycle under the Ritz-Carlton (Period ending 9/12/14)
  - Period 10 9/13/14 – 9/30/14
  - Period 11 10-1-14 – 10/31/14
  - Period 12 11/1/14 – 11/30/14
  - Period 13 12/1/14 – 12/31/14
- 
- A motion was made by Pete Ciccone to formally approve moving the Association to a 12 period financial reporting cycle from the current 13 periods and finishing 2014

**with the proposed dates to then fully implement and begin the new 12 period cycle in 2015. The motion was seconded by Louise Berkman and unanimously carried.**

### **FINANCIAL UPDATE**

Chris Burden presented an overview on the **2015 proposed annual budget:**

- Due to the deficit of approximately 750K the Association is looking to incur by the end of 2014 (includes transitional related items and overages on the budget) and increases in expenses for 2015 (the POA dues the COA pays will increase & all Trump expenses will be increased by 5% next year – an estimate of a 500K increase), there were two options presented for the 2015 budget:
  1. Due to the increased expenses and overages mentioned above dues could be increased to cover the additional costs incurred
  2. In the second option, dues would not increase and a zero based budget would be implemented whereby modifying the reserves downward to cover the shortfall in 2014 & 2015. After a review of the reserve study and projected ending balances for 2015 the Association could reduce the amount of reserve funding for 2015 and use these funds to cover the additional operating expenses and payback the line of credit the association is looking to take out. By reducing funding to the FF&E reserves from the projected 1,200,00 to 331,500 this could be accomplished. Even though 2015 reserve funding would be reduced, the information we currently have from the reserve study shows that the association would still be overfunded in the reserve account at the end of 2015 by 1.5mm with the proposed option. Also, the FF&E refurbishment spend is expected to be 5,000,000 rather than the projected 7,500,000. Timbers also recommends an updated reserve study to be completed in 2015. Most of the cost increases are fairly permanent going forward and are out of the associations' control.
    - Pete discussed the second option with Mr. Percic, the association counsel, and he didn't see a legal issue with this as long as ownership has an opportunity to vote on it and the reserves will not be underfunded due to the decision. In the annual meeting notice a proxy will be provided to vote on the issue.
- **With no further comments made a motion was made by Sal Monastero to approve the second option presented. To approve no dues increase from 2014 to 2015 and reduce FF&E reserve funding to cover additional expenses the association will incur in 2015. The motion was seconded by Pete Ciccone and unanimously carried.**
- In the next 90 days Timbers will provide a zero based bottoms up budget which will provide as the performance tracking budget for 2015.

### **USE FEE SCHEDULE**

Jesse Geremia reviewed the proposed use fee schedule in its entirety. A few comments:

- Sal Monastero requested that a cost per occupied night be evaluated in the next few months to see if the current nightly per diem rate is truly covering the associations costs

- David O. requested that a guest vs. owner per diem rate is clarified and enforced by the new management company. In the next owner communication this will be mentioned. Also, by having onsite reservations this is an area where this may be caught, discussed, and enforced on a personal level.
- The Pet fee may not be charged if the animal is a service animal. However, if the animal does any damage or causes extra time to be spent for housekeeping than a \$65/hour fee will be assessed for additional time needed to be spent to prepare the unit for the next guest. A deep clean is required after an animal is in a unit.

### **OWNER STORAGE**

- Owners are allowed 2 items to store per club interest owned. An item defined that is permissible is a hard plastic container or hanging garment bag. Any combination of 2 of these items may be stored in owner storage in the administration building.
  - Bins are uniform and issued by the property; however, hanging garment bags are something the owner needs to furnish.
- Bike storage & beach equipment storage per the condominium documents is not permitted; however, per the documents the Association may furnish bikes & beach amenities to owners to utilize while in residence. Currently, there are a handful of owners that are storing these types of items exclusively under their name. Timbers proposes to send an owner communication to these specific owners in violation asking them if they would like to donate these items to the association for all of ownership to utilize. If they donate the association would store these items and owners would have access to the bikes and beach equipment on a first come first service basis. The Board agreed to this approach and asked if the owners do not want to donate the items upon their next visit they find a new plan for storage of their personal bikes and beach equipment or the equipment will be removed.

### **LEAD GENERATION AGREEMENT WITH RITZ-CARLTON**

- Pete & Sal will be the lead from the Board to work with Timbers on this agreement with the Ritz-Carlton.
- In the process of working with Ritz to have a transition sale of their 61 interests they own on property the COA & Timbers is entering into an agreement with Ritz to define each party's role in the process. This agreement is still in draft form at this time and Timbers would like to scale back some of the current language in the agreement. The basic concept of the agreement is to have the COA and Timbers help generate interested parties by sending an owner communication out to the COA and to Timbers Bachelor Gulch owners and then Ritz would be responsible for the sales part of the transaction. Timbers will work to finalize this agreement during the month.
- Currently Ritz is proposing to have a 60 day window for the transition sale where special pricing will be offered; however, Louise asked Pete & Sal to discuss this short timeframe as she doesn't want to lose out on a sale from an owner due to the short timeframe put in place.
- David O. will reach out to St. Thomas and Aspen Board presidents once the sale starts to see if they want to notify their membership.

- Pete asked if the price of unit 216 for \$250K was considered in the LOC projection of \$750K as the association would like to purchase to reposition the house as common space for owner events and check-in. Chris replied that because this is only a concept at this time the \$750K did not include the purchase price of 216.
- The Board would like to include the nine (9) COA owned units in the sale as well. The Board will work on moving the allocated weeks associated to these units forward so that if a unit is sold during the sale the owner would not miss out on any allocated time. The sale of the COA owned units must be fully managed by Timbers and not by Ritz.
- Pete, Chris and Sal will connect offline to discuss further details of this agreement and sale.

### **NEW BUSINESS:**

- Currently, McGladrey has been handling the Association's annual audit and tax work who is a preferred firm for many Ritz accounts. The Board requested for Timbers to reach out to Tempelton who is a local accounting firm in West Palm Beach to see if any cost savings could be found by switching firms.
- Personal profiles and preferences were not handed over to Timbers from the Ritz-Carlton at transition as they deemed this information proprietary as it is tracked through a proprietary system. Thus, Timbers plans through their pre-arrival calls and contact with owners to discuss any preferences to start to re-build this database.
- The onsite reservations team while booking per diem will ensure whether the per diem night is being utilized by an owner or guest to determine what rate they should be charged for their stay. The different per diem rates depending if they are a guest or family member of an owner was never enforced. The Board requested Timbers to start enforcing the different rates depending on who is utilizing the reservation as outlined in the condominium documents.
- The TRP program is in the process of being approved by the State of Florida. The package has been submitted and is awaiting their approval. There is no definite timeframe at this time of when this will be complete to then welcome Jupiter owners into the program.
- Next Board meeting is Monday October 6<sup>th</sup>, 2014 at 10am EST in the Administration Building. The Annual meeting is Tuesday October 7<sup>th</sup> at 10am EST be in the Clubhouse.

### **ADJOURNMENT**

**There being no further business to discuss, a motion was made by Sal Monastero to adjourn the meeting. The motion was seconded by Louise Berkman and unanimously carried. The meeting adjourned at 11:46am EST.**