

**Condominium Owner's Association
COA Meeting
2022**



Caribe
THE RESORT

Held at Caribe Resort , Building D, 28107 Perdido Beach Blvd, Ste 100 in Orange Beach Alabama.

Rick Legendre - Opened with Prayer & Pledge of Allegiance.

Rick Legendre - Amy, do we have quorum, can we do business? Let's introduce the Board while we wait on the final count of proxy because we can not conduct business until we get the final count. To our far left we have our board president Larry Wireman, Lester Boihem, Rick Legendre, Joe Mendola, and our secretary / treasurer Judy Wireman. And I mentioned John Evans who's a board member of ours is out like everyone else with a little case of Covid now, so we wish him well. Unfortunately we can not conduct any legal business until we have a quorum. I apologize for the delay. Let's welcome our auditor Matt Taylor from Grant, Sanders & Taylor.

Matt - I'm Matt Taylor a CPA here in town, my firm has conducted the audit of your financial statements as of December 31st 2021, so it's fairly fresh data. Amy and her group do a great job keeping your books, and our opinion on pg 1 & 2 are unqualified as in prior years. I'll hit a couple highlights and see if anyone has any questions. The Association ended with \$4.8 million in the bank, which sounds like a lot of money but \$3.6k was deferred insurance proceeds. \$43,000 is our beach mouse "scholarship fund". And then \$871K is our designated reserve fund which is basically the same as last year which increased a little with interest. So of that \$4.8 million about \$356K is unreserved operating cash at the end of the year. Assessment receivables were right at 38k at the end of the year. Which, I think there were only 14 units that had balances over \$1,000 in dues, so good job collecting the owners assessments. Fixed assets increased about 500k this year with capital expenditures in the pools, vehicles, etc that were purchased throughout the year. Accounts Payables was at \$194k down \$227k from last year. Pre-paid assessments I don't know what happened this year but a lot of people paid their assessments at the end of the year, last year it was \$124k, this year it was \$367k that's quite a bit. I don't think you all had an early bird discount but for some reason everyone wanted to pay early, could have had something to do with tax. Note payable that's the remaining balance on our equipment purchased from last year. And then you will see preferred revenue insurance proceeds \$3.6 million, that is basically the insurance money that we have collected from the insurance company that we have not spent at the end of the year on hurricane improvements and I've got a footnote in the back that lays all that out that we will go over in a little bit. So that puts the association with a fund balance of \$1.725 million down from \$2.42 million page 4 operating revenues. The association dues remain the same in 2021 as they were in 2020. Our insurance proceeds were not right at \$9 million as you will notice our hurricane repairs down in expenditures is the exact same number. We basically plugged the insurance proceeds revenue to match what we had spent, we deferred the balance to next year \$3.6 million. Insurance continues to climb and I don't plan to see that changing anytime soon, I'm not an insurance expert but all the associations are under pressure with insurance so our insurance expense last year was \$702K and this year was a little over a million. That's just the state of affairs we're seeing the same dynamic after Ivan & Katrina, 04', 05', 06' & 07' it climbed for years. So there is a lot of pressure in insurance so who knows what's going to happen. Everything else was pretty much in line with the prior year budget on expenditures but we did have a deficit this year of

516K overall, and that was due to the insurance primarily going up. Page 5 Statement of cash flows the association continues to generate cash flows from operating activities but as I mentioned that was due primarily from the insurance proceeds this year so that will correct over time in this coming year. We had an increase in cash of \$1.231 million and there again due primarily to the excess insurance proceeds sitting in the cash account at the end of the year. Footnotes are pretty much the same as the prior year with the exception of no date. This is a note I composed this year to try and bring together everything that has happened from the hurricane repairs as of December 31st, 2021. Basically states that the board of directors entered an agreement from Caribe to repair the damage from hurricane Sally. The initial claim from the insurance company that we were provided with a loss of about \$20 million \$255k, which was broken down with the cash that we actually received from the insurance company was \$13 million your deductibles \$2.7 million depreciation that was deducted was a little less than \$4 million for an initial claim of \$20 million \$255k. We have received 11.1 million in proceeds last year deferred to \$3.6 million that we were talking about before. The Association expended total in 2020 & 2021 is about \$10 million \$367k for hurricane repairs. So if you take the \$20 million \$255k less the \$10 million \$367k that leaves the remaining repairs of about \$11 million. We spent some money with other vendors other than Caribe Inc small amounts with a deferred revenue of \$3.6 million left. So the last paragraph says these costs are estimates, there are ongoing claims with talking to Larry, Stan & John Mark there are some large numbers that are all speculation at this point. So I'll leave that decision up to Larry and let him deal with that. Note 9 is our related party note which basically lays out money that was spent with Caribe Realty and the related organizations that had hurricane Sally repairs in that note referenced above. Pretty much it, we did have the one management letter comment of lack of reserve study which we have every year, which I tell you you need a reserve study, Larry says we don't need a reserve study that we debated back and forth. I'll tell you again next year that or I have to modify my audit. So with that being said does anyone have any questions that I can answer for you?

Frank Myers C213 - How much more needs to be spent on the hurricane repairs?

Matt - Based on the information that we have from the audit we have the initial claim was that \$20 million \$255k and so we've spent a combined total of \$10 million \$367k so to get to that initial statement of loss it's about another 10 million, but you have \$3.6 million in the bank excuse me so about \$7 million.

Frank Myers C213 - Where is that \$7 million supposed to come from?

Matt - I would defer that to the board.

Rick Legendre - We're going to have a full segment on the insurance claims a little later.

Jan Duffy B806 - I have a question on page 2 on the audit report where management has omitted required supplementary information on future major repairs and replacements that account principal is required? So I'm wondering why we have clean audit opinions and why that information has been omitted?

Matt - That is a great question, that is required supplementary information that is required to be in the report. I don't express my opinion. The board at Caribe have chosen not to represent a statement of report for future repairs and replacements. Now that's their option you can do that, if you do that I have to modify my opinion by the paragraph that you just read that it's not here, so it should be here but it's not. But it doesn't modify my opinion on the statements, thinking as a whole. Does that answer your question? That's kind of muddy but it's a required statement but I don't give my opinion.

Jan Duffy B806 - It answers my question but just concerns me why it was omitted. But I'm sure the board will address that.

Kevin Cross B605 - Just looking at note 9 on the related party transactions are these the only companies where we have board members involved as owners?

Matt - To our knowledge, yes.

Kevin Cross B605 - Who owns the security company?

Matt - The security company is on there, Sentinels.

Kevin Cross B605 - Sentinels yes. How about the landscaping?

Matt - That's in Caribe Realty I believe. Larry, is that Caribe Inc correct? Which company provides the landscaping service?

Larry Wireman - We sub out all the landscaping as far as maintenance, the repairs from the storm is the same as everyone else's is Caribe Inc.

Kevin Cross B605 - So the regular daily maintenance is subbed out to a company.

Larry - We have a company that comes in and does a decent job.

Kevin Cross B605 - And who owns that company? No other affiliates on the board? In a year when we are running on a \$500k deficit is what you said roughly.

Matt - Yes sir.

Stan - Paradise Landscaping Co does our landscaping.

Kevin Cross B605 - How much did we choose to spend on all the brand new palm trees in the new parking lot?

Matt - I don't have that figure exactly.

Kevin Cross B605 - I'm asking Larry. In a year where we are acting on a half of a million deficit, why did we spend so much money on new palm trees in the far end of the parking lot?

Larry Wireman - I don't think we did. Amy?

Kevin Cross B605 - So the figures here under the Caribe Inc don't include any of the new palm trees. I'm talking about the trees that were put in the ground. Who owns that parking lot?

Larry Wireman - No you didn't pay for those. I do.

Frank Myers C215 - In the cash flow statements, it only lists \$2 million deferred, so only \$2 million more than deferred in 2020? So in 2020 the deferral was \$1 million \$502,851K.

Matt - Correct.

Joe Kelley D1204 - Is it possible to get an adjusted general ledger year to date transaction detail?

Rick Legendre - Amy can get that. Moving on, we need 304 proxies or present, we have 354 we have a quorum. Do we need to read the proof of the notice letter? If not, we can waive the motion to accept the proof of notice letter.

Darlene Leblanc CPH07 - motion

Mike Sappington D804 -2nd the motion.

Rick Legendre - Next is the board election, every year we have a board election, this year we sent out numerous notices asking if anyone was interested in running for board. Stan, correct me if I'm wrong but we received no nominations. So don't know if that was from lack of interest or didn't receive a letter.

Stan - Does everyone know about the Caribe owners website. December 27th, 2021 was the 1st mention of the Caribe owners website facebook post, January 19th, 2022 email blast to homeowners association 1st announcement replacing the board. I've got printed copies of every notice on here, January 20th, 2022 another notification, Jan 31st, 2022 mailed out with notification and also on website and facebook, and then the official letter went out with a proxy and agenda on February 10th, 2022. So most of our information is on the facebook site, so join it, Cariberesortowners.com there's status updates on everything, if you don't check your email or text. And please update your information with us. This meeting is held on the 3rd Saturday in February every year with an election.

Kevin Cross B605 - You said you sent out notifications via email and letters? Did anyone here get an email? No.

Stan - How did everyone get here?

Kevin Cross B605 - We all got here via word of mouth, because there is not clear notice from the board.

Stan - We can print this out and if you go to Caribe owners website the board has directed us to put that out there.

Rick Legendre - Sir did you not receive any notice at all? You are here.

Kevin Cross B605 - In February. The bylaws clearly state that the meeting is in October.

Stan - Let me address the difference between October or February meetings. You will have completely actual numbers in February. In October we would be forecasting instead of actual numbers.

Rick Legendre - Is anyone interested in running for the board?

Larry - Who is interested in running for the board?

Kevin Cross B605 - I am.

Frank Myers C213 - We don't need to decide about voting at meetings, this is a good board.

Candance Pfab D713 - Please make sure ballots have not been filled out yet.

Kevin Cross B605 - I agree that better letters are sent out next year, for people that buy a condo after February they are unaware. I want the board to change the bylaws to reflect that.

Frank Myers C213 - Motion to not allow write-ins for board nominations.

Richard Kincaid D601 - I second this.

Rick Legendre - Motion to accept the current board.

Denise Morgan C506 - Motion to accept.

Frank Nettles D712 - I second

Rick Legendre - Board is re-elected.

Sandra Collins D815 - We could possibly avoid this confusion if we mailed out the letters to run for the board.

Stan - We sent out multiple notices, we did not use certified mail.

Ann Humphrey B407 - I got 4 out of 5 letters in the mail.

Bobby Jackson B701 - can we move on with the meeting.

Frank Myers C213 - What's the deadline to run for board and who do we tell?

Rick Legendre - 1 month before the meeting and contact Stan. They will send out notices with all nominations and bios.

Stan - We have 2 owner relations reps, Jill Alford for C Tower & Whitney Harris for B & D Tower, this is their job. Their email addresses are on the Caribe owners website. They are here to respond to you, so contact them about concerns or changes in email or addresses.

Rick Legendre - It's time for the reading of the meeting minutes. Motion to accept the reading of the meeting minutes or move on.

David Escude B205 - Move

Marvin Smith D607 - Second

Rick Legendre - So we accept last year's meeting minutes.

Stan - Summary of Hurricane Sally repairs, in your packet go to the 2nd page in the back. Read over some of the work being done around property. We have a total claim of total damages of \$77 million, approved claim is \$21 million, association cash received \$14 million and \$230,000k. Expenditures to date are \$10 million, hence the \$3.6 million that Matt referred to earlier. That leaves us with \$56 million that we are still negotiating to settle the claim.

Larry - We've got experts and engineers and we are going to battle it out.

Stan - We have experts that are negotiating on our behalf. Our strategy with PCG, they are representing us. We are in negotiations for \$56 million. That is where we are at.

Rick Legendre - A Lot of work has been done, but we still have a lot more work to be done. Questions.

Frank Nettles D712 - Is that the normal for the condos? Is TP having the same issues?

Larry - TP has not settled their claims and they have over \$100 + million. It's not just us if you see all the cranes up the beach there's still a lot of repairs going on.

Fletcher Thornton B612 - Would it be possible to see what's still in negotiation and what are the major items still needing repaired?

Larry - Windows & HVAC are two of the biggest. We are gonna do our best, we have really good engineering experts behind us.

Bob Vanasek C1115 - To this \$56 million that's in contention, you seem confident we are gonna get the whole amount.

Larry - I'd like you to go and negotiate for us, we aren't gonna stop.

Sandra Collins D815 - Items under tertiary response, do we have claims on that?

Stan - These are items that we received some payments on but not all.

Sandra Collins D815 - Why is this on the list if the Marina is separate? How is COA separated? Who pays the premium?

Stan - Larry and everyone pays the insurance, it's tied to the resort. The docks are a limited common element tied to the resort.

Larry - I own the docks and pay for the insurance through the association. This year we got \$3 million for the docks. When we pay the premiums it's paid through the association.

Ray Foxworth B1102 - When I purchased the condo I was told I could use the slips.

Stan - If your unit is on Caribe Realty rental program then you don't pay nor your guest. If you are on another rental program you will pay and your guest will pay more. If you're an owner you pay if you do not rent at all.

Larry - I'll be glad to pay for it, but I won't let anyone else use it.

Rick Legendre - Move on.

Billy Aguillard D104 - Lots of changes have been made to the bylaws, changing meetings from Oct to Feb etc, can we publish the amendments to the bylaws on the website.

Stan - Sure.

Rick Legendre - We may need to go through the bylaws and update.

Stan - We do submit everything to new bylaws and updates to new owners.

Kevin Cross B605 - We need the new amendments.

Larry - There's been one or two changes.

Rick Legendre - Stan can give an update on wristbands.

Stan - One of the items replaced from the hurricane was the key locks, as well as our phone systems & music system. We can put a chip in a rubberized key for your wristbands. We can do wristbands for guests, currently we give them out on the trolley. Think of logistics of 20 something rental companies and trying to get everyone wristbands. We are willing to attempt. We are working on color coded wristbands for Spring Break. They do stop a lot of people but not everyone.

Sandra Collins D815 - I think it would be great to coordinate with other rental companies with the wristbands.

Donald Mathis B916 - Spring Break is horrendous, I see 20 - 40 come in daily. I think we should try something.

Rick Legendre - Hands with wristbands.

Reggie Barnett B815 - Can we hire more security, charge us for it. I'm not wearing a wristband.

Tyler Lewis D407 - More security for sure.

Rick Legendre - It's typically a labor problem.

Stan - Every Spring Break we hire 10 additional security guards and last year they didn't show up, we have tried to outsource and can't get the additional help. This year we are contracted with IPSC, an outside company. It's \$30 hr to stand at the fence.

Brian Collins B815 - Any consideration in extending the owner gates?

Larry - We thought about it. Getting extra guards, finding the people, we know about the problems. Wages has gone up 20-40%

Jessica Gonzales D103 - Getting an App for their phones to show they are to be on property, every kid has a phone.

Ray Foxworth B1102 - People who want to get in are going to get in, get a small sub-committee together to look into options.

Rick Legendre - From what I'm hearing, most are not in favor. I like the idea of a phone App. Before the budget, Stan is gonna give property value.

Stan - Property Report 2020 - 2021 We had 74 new owners, average values increased 18.4%, 2 bedroom 25.4%, 3 bedroom 23%, media 10.5%. Rental companies saw very good increases. Finding people is the #1 challenge.

Rick Legendre - New business, budget time. Accept the motion for a budget.

Frank Nettles D712 - Second motion.

David Escude B205 - Second

Larry - I don't like raising dues, but sometimes you have to. Labor and materials have risen extremely high, insurance has increased. So we have to cover it. We have only had 1 or 2 dues increase since opening. We came up with this to help put us in good shape and be okay for a few years.

Frank Myers C213 - Have we checked any other insurance companies?

Larry - We have done business with these guys for a long time, these guys always give us the best price. I'm trying to stay at 3% deductible, we are hearing that insurance is going to go up \$200k to \$250k.

Rick Legendre - Any other questions or comments on the budget? All in favor or opposed to adopt the budget? Budget Adopted. Open for general questions, if you have a personal issue - hold off till later for one of the staff members.

Denise Morgan C506 - Just a thank you to the staff, I've always been satisfied with any issues. The FB complaints are ridiculous and the people posting are just starting trouble.

Larry - Sentinels is a company that was formed to help staff the security guards. HOA has no employees. We are down, meaning payroll is up \$100K this year, it's a pass through thing.

Tyler Lewis D407 - Is there anything the owners can do to convey to help with unit repairs?

Larry - If you have repairs still to be done, let us know. Our guys are the best, overall it comes down to a percentage.

Jessica Gonzales D103 - Thank you for the new door locks, can we get an App for our phones for the keys.

Larry - As soon as we get the software written.

John Harmon D205 - We have an issue with the beach area at the end of D Tower, and the entry of people.

Larry - We will fence it off.

Chuck Moran D1210 - The helicopter is so annoying, can we get rid of it? Please get rid of it.

Larry - I think it helps our property, like an enhancement. If we needed him to take us somewhere like in an emergency he would.

Chuck Moran D1210 - I have like 9 people who want it gone. Will you please get rid of it.?

James Green DPH11 - Same

Larry - it never bothered me, we lived in DPH10. I can't hear. If we took a vote how many want to get rid of it? How many does it bother? I don't see a problem.

Stephen Hartley D1113 - I have to close my patio door.

Frank Nettles D712- We live in a tourist area. It's a great amenity.

Stephen Hartley D1113 - We have no peace at all. Come to my unit.

Marc Surcouf B1005 - During spring break and summer the busy times, it's hard to bring our boats with the parking the way it is in the new overflow lot. Is it possible to monitor the parking lot with boats & trailers? Sometimes we get blocked in. Are we charging extra people for parking?

Larry - Yes

Stan - We will work on getting some help out there to direct the overflow parking with the boats and trailers.

Marvin Smith D607 - The stickers for the cars, they peel off the car.

Stan - We are working on passes to match license plates, and a new gate system. It would be later.

Rick Legendre - Let's keep moving.

Mark Lockett D701 - Can we auto draft for dues payment?

Amy - We voted on this several years ago and there was going to be a significant fee, so you all voted against it. With bill pay through your bank, there is no fee.

Tyler Lewis D704 - Just wanted to piggyback on the extra lot, can we use it as an extra entrance?

Larry - Tough with helicopter there.

Darlene Leblanc CPH07 - We appreciate the extra parking, will that help eliminate parking on the grass? The area between B Tower & C Tower where I play with my grandchildren. No parking there when it's busy.

Larry - We can add more gravel to the overflow lot, we will look into this. I agree.

Brian Collins B815 - For clarification, Caribe Realty, Sentinels is a separate company? IT works for Caribe Realty, housekeeping, maintenance all Caribe Realty. A lot of stuff runs through you, if we get through this without assessment? What if something happens to you?

Larry - Judy will keep you all rolling as well as the board.

Kevin Cross B605 - The questions that owners sent in, where are they posted and wondering when these will be addressed? Why aren't we fixing the splinters on the pool and lazy river deck?

Stan - Questions & answers are posted on the owner website.

Larry - We got the kind of boards they told us would cut down splinters.

Kevin Cross B605 - The splinter issue existed prior to hurricane Sally.

Larry - Maybe so.

Rick Legendre - Please check the website for updates.

William Moore B1003 - Can we move the meeting to March, we have snowbirds in our unit so that puts us out when we come in Feb.

Rick Legendre - That's spring break.

Cortnie Sampson C915 - You weren't going to do any additions if Trump lost.

Larry - We have a permit to do A building & E building, right now we have a project of Caribe Seaside which will be right beside the Best Western with 115 units.

Bruce McNeely B709 - I want to say thank you for what the board does, everybody does a good job here. I know that you can't please everyone.

Billy Aguillard D104 - The docks are a limited common area?

Larry - They are owned by me, yes.

Rick Legendre - Accept meeting to adjourn

John Harmon D205 - Accept motion

Frank Nettles D712 - Second.