

**TALL SHIP ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES**

Meeting Date: May 13, 2014

Place: Lake View Room – New Marina Pool Bldg.

Present: Carol Rolf, Frank Aaron, Rob Routman
and Paulette Keffas-Chassin (Tall Ship BOD)
Geig Lee, and Diane Lee (FPM)
Marshall Clark (MCA)
Jerry Bullard (Southeastern Systems)

Guests: Barry Stuart (#229), Gary & Susan Moser (#206), Harold Capitola (#110),
Grady Cole (#137), John Taylor (#318)

I. **Call to Order:** 9:00 AM C. Rolf called the meeting to order.

II. **Introduction of Guests:** C. Rolf welcomed the guests present.

III. **Approval of Minutes for March and April 2014:** F. Aaron made a motion to approve the minutes of March and April 2014 and the Executive Session for same. This was seconded by P. Keffas-Chassin and passed unanimously.

IV. **Treasurer's Report:** Frank Aaron, Treasurer, reported on the current financial situation. He stated revenues and expenses were in line with the budget. Tall Ship has a total of \$221,000.00 in the operating account, the building reserve, and the long range reserve account. He noted that contractors payments will be coming in soon and use much of the building reserve funds. Aaron noted that Tall Ship has three owners over \$3000 each in delinquent payments. They will be sent certified letters stating that something needs to be paid or the Board will be forced to take action. G. Moser asked how these delinquent owners would affect the loan. R. Routman responded that the loan could be in jeopardy, since the collateral for the loan will be the assessments.

V. **Engineering & Property Manager's Report:**

Engineering Report: M. Clark reported that the contract for Clipper Building West for \$411,500 has been signed. He noted this will include work on the column posts and chimneys, and the Frigate end wall. Clark introduced Jerry Bullard of Southeastern Systems (the contractor for the work). Bullard indicated the scaffolding would be complete by Thursday and Clipper West will be done prior to the Frigate wall. His guess was that owners in Clipper West would be in the dark for three to four weeks. After that time there will still be stucco work to be done, as well as, the flashing, which is done on site.

Bullard noted that owners in these units would need to remove their window treatments now to allow for the work.

C. Rolf noted the projects may be broken into six separate projects to accommodate Southeastern's license limitation. Bullard can sign multiple contracts for up to \$750,000 each. R. Routman said the bank is OK with this. Rolf will have an attorney review the contracts. Rolf stated that if the contracts could be settled now, then owners would be made aware of the prices. She stated the next building to be repaired will be Yawl.

M. Clark explained the letter of intent as to when the buildings will be completed. He noted there may be one letter of intent or there may be seven. The purpose of this letter shows the intent of Tall Ship Board of Directors to have Southeastern Systems and MCA Architecture do the project and also the intent of Southeastern Systems and MCA Architecture to do the project. Either party will have the right to terminate (with conditions), and the project will be expedited as quickly as possible. Clark noted the letter of intent includes inflation prices.

C. Rolf stated the Association is using attorney, Sam Albergotti. M. Clark will send him the next contract for review. After this review, Tall Ship will sign the contract by August 15th. Bullard and Aaron agreed the main reason for signing the contract is to order the windows. Currently windows are taking longer than eight weeks, and are backed up on orders.

R. Routman stated Pacific Premier Bank has extended a \$4 million line of credit to Tall Ship for a three year period. After the last project is complete, this line of credit will be converted to a permanent loan.

J. Taylor asked if subcontractor will give a release of lien and was told by Bullard that he would. Taylor thanked the Board for sending out information to owners.

F. Aaron asked if the windows would be same as previously used. He was told by M. Clark that the windows are Anderson, and are the same.

C. Rolf asked Bullard to get with an owner at Frigate whose touch-up paint on nails did not match. Bullard agreed to make contact with the owner. He noted after repairs, all the columns would be repainted the same custom color. He also asked for owners to stay away from the construction area, for safety reasons.

Bullard noted the shrubs would not come back.

Rolf also noted that with the scaffolding up, at least one person lost their DISH network service. It was noted that the owner has been moving the scaffolding to get service. Bullard stated that was OK for now, but when the work started, the scaffolding must not be moved. J. Taylor stated that a Charter line was laying on the ground and needed to be buried. C. Rolf agreed. B. Stuart noted that Charter had been working in the area.

(Page 2 of 5)

Rolf warned owners at Clipper that the balcony work would be dusty and they might want to remove items on the balcony. M. Clark explained work on the columns would replace

rotten wood, pour a backup slab, and turn up the curb. Then a waterproof coating would be placed on the corner where the water would run off.

Property Manager's Report: G. Lee with Foothills Property Management said he had walked the property with Patrick Yager, who is doing the capital reserve study. He and Yager observed holes in the railroad ties on both walkways to the leisure trails, some in very bad condition.

In the past month, the photo cell at the mail box was worked on; smoke detectors were replaced; and shrubs were removed for construction. He noted the Rock Art has been scheduled, but does not have a definite time yet.

VI. Existing Business:

Bank loan and reserve study update: R. Routman discussed the reserve study, required by the bank for obtaining the loan. He noted the Board obtained three bids, and the one with ZumBrunnen, Inc was the best. Routman expects the study to be complete by Thursday. At this time it will be reviewed by the Board for a 10 day period, and then returned to the Engineer for an additional 10 days. At this time the report will be finalized. Routman already sees some items that need to be corrected in the report. These include repaving and roof life expectancy. Also included in the report are railings, canvases, elevators, painting, stairs and railings.

C. Rolf informed the Board that the commitment for the bank loan from Pacific Premier had many conditions to be met. They need a signed copy of resolutions of three items: 1) Loan commitment letter; 2) Architect's contract; and 3) Construction contract. P. Keffas Chassin made a motion to adopt these resolutions and to give President, C. Rolf authorization to sign these for the current contracts. This was seconded by F. Aaron and the motion passed. B. Stojetz made a motion for the Board to adopt a resolution for the series of projects, giving President, C. Rolf permission to sign the contracts with Southeastern Systems. This was seconded by P. Keffas Chassin and the motion passed. R. Routman made a motion to allow C. Rolf to sign the loan commitment with Pacific Premier and to execute all the documents for Tall Ship. If the President is unavailable, then the Vice President has permission to sign for Tall Ship. This was seconded by B. Stojetz and the motion passed.

The terms of the loan include a payoff of \$5,092,163.00. This includes 1.1 million in interest. The cost per unit over a 15 year period is anticipated to be \$42,435.00. This reflects a 3 year line of credit and a 12 year fixed loan. This amounts to a \$3000 per unit per year assessment. R. Routman and F. Aaron both ran reports with Tall Ship self-financing the projects. It was felt that Tall Ship would be better with the loan and could lock in prices and finish much earlier. R. Routman noted the Association does have some outs and could stop construction at any time or could terminate the loan at any point. He also noted there was no prepayment penalty. G. Moser asked about the possibility of prepaying all the assessment at a reduced price. Routman said when the loan is transferred to permanent financing, the Association could offer that option. J. Taylor felt the assessment is the best way to go. He noted this helps with taxes when an owner files. Routman agreed that a second home or investor would need to maintain a record of assessments paid to file this.

Insurance: C. Rolf discussed the current insurance policy on Tall Ship. Our agent, Bill McLean, suggested Tall Ship purchase additional coverage. This would be full coverage in the event of a claim. This would include money to upgrade to current codes often required in rebuilding with an optional coverage for debris removal. M. Clark, architect recommended Tall Ship purchase this additional coverage. F. Aaron made a motion to purchase this additional insurance for full building coverage with debris removal, with a \$5000 deductible. This was seconded by B. Stojetz. The motion passed with four Board members voting for approval and one abstention. C. Rolf will call the insurance agent and place the coverage.

Website and handbook revision: This has been tabled for this meeting.

Dish Antennas: C. Rolf did note the scaffolding for construction will most likely interrupt satellite service during the construction period.

Lawsuit: The Board has checked the possibility of a lawsuit against previous subcontractors who performed work at Tall Ship leading to the problems now being fixed. It was noted that collectability was a main concern, since there are not assets and minimal income. Also any warranties have expired. After discussion, Routman made a motion to dismiss the legal proceedings. This was seconded by P. Keffas Chassin and passed unanimously.

Parking Lot Sealing: G. Lee presented a quote from King Asphalt. In checking, it was felt the two upper lots were in much better shape. Cost for upper lots would be \$850 and \$350 for crack repair. The cost of the lower lot would be \$3800 for a total cost of \$5000.00. He feels the lot should be seal coated after Clipper is finished. To seal coat all three, cost would be \$8000 for a total of \$13,000.00. It was noted that KKUS will be replacing water lines and will be doing some digging, and this would need to be coordinated. To pay for this, F. Aaron suggested some money could be pulled from gutter maintenance. Aaron made a motion to do the crack sealing for \$5000.00. B. Stojetz seconded this and the motion passed.

New Business:

Waver of conflict of interest: There was discussion of a possible conflict of interest with Tall Ship's attorney also representing KKPOA. It was felt this would not be a concern. F. Aaron made a motion to sign the waver for conflict of interest. This was seconded by B. Stojetz and passed.

Right of first refusal: B. Stuart noted when he was President, the Board gave him authority to sign a first right of refusal on a Tall Ship unit being sold. It was agreed for this policy to continue. If the President feels it seems reasonable, she may sign. For concerns the Board may handle this through e-mail.

New survey to go green: Rolf reported that only two owners prefer not get invoices by e-mail.

Motorcycle use: There was discussion on a renter who started up his motorcycle at 5 AM disturbing neighbors. It was noted that KKPOA has a noise ordinance and should handle this.

Marketing issues: It was felt that the Keowee Key Marketing Committee and local real estate brokers sometimes exhibit conflicting opinions. Tall Ship will continue to work with the Marketing Committee to help in sales of the units.

Questions and comments from Owners/Visitors: J. Taylor asked about the blue/white name tags for the parking spaces. He wanted to know if a spot could be legally assigned to an owner and was told that was not possible. The parking lot is owned in common by the Association. The name signs are a courtesy to owners, but parking spaces are not owned by the unit owner. Owners are asked to turn the sign over to the white side, when they will be away for an extended time. Aaron noted that parking will be tight in the summer.

Taylor again thanked the Board for all their major decisions.

Adjourn: R. Routman made a motion to adjourn. This was seconded by F. Aaron and the meeting adjourned.

