

The Towers of Key Biscayne, Inc.

The Ocean Room

1111 Crandon Boulevard

Key Biscayne, FL 33149

Regular Board of Directors meeting June 24, 2010

Meeting called to order at 7:09 PM

I. Roll Call

Members Present:

Ms. Alison Owen Vice-President

Mr. Ricardo Martinez Treasurer

Dr. Elsa Dominguez Secretary

Mr. Mario Lopez Director

Judy Rosenblum Director

Alan Khan Director

On the phone:

Tony Ottavio President

Also Present:

Mr. Joe Maura General Manager

II. Determination of a Quorum

Having established the presence of 7 Board members the meeting proceeded.

III. Approval of Minutes of Board meeting March 24, 2010

Ms. Owen made the motion to waive the reading and to approve the minutes of the Board meeting held on March 24, 2010.

All Board members unanimously agreed

IV. Treasurer's Report

Mr. Ricardo Martinez addressed April 2010 Financials:

In the income accounts we see that the Maintenance account shows no variance for the year from the budgeted amount since we accrue this number for book purposes. The other administrative expense account shows a Bad-Debt write off of \$50,000 which we are accruing. We currently have 11 units which

are in foreclosure. This combined with the allowance for bad debt on the balance sheet reflects the full amount of uncollected accounts. This gives us a clearer picture of our actual situation. We also review individually our liened and foreclosed accounts to see any trend due to our economic conditions. We are aggressively collecting our outstanding debts from renters when possible. One item on the income side we are above budgeted is our late fees due to the economic situation which has caused many people to pay late. In the landscaping department we are below in our equipment and supplies by about \$8,487. The pool area shows a variance in our favor due to employing a person in both housekeeping and the pool area. The housekeeping department is also below in equipment and supplies by about half. In other administrative costs our legal fees are in excess mainly due to all the foreclosures and maintenance fee collections. Here we also see the bad debt write-off. The insurance premiums are below budget but this is due mainly to timing issues because we accrue evenly throughout the year but we actually pay in different time intervals. One area we are well above our accrued amount is in the plumbing risers. This once again is an unforeseen item due to the fact that it is behind walls and we do not know when they will burst, but obviously a very important repair. The security personnel is under budget by \$7,700 due to new employees at lower salary as well as the time that it takes to replace them. The operations account shows we are well below on our trash removal charges by \$13,000 and this is due to reimbursement by owners who are remodeling their apartments. We once again see that we are above budget in the balcony repairs due to the painting. This however should balance out in the remainder of the year because we do not plan any further balcony repairs after the painting job is finished this month unless needed. On the utilities side, our common area power is over \$75,000 below budget and our oil expenses are \$11,469 below budget. On the other side, we are over budget in the oil for the boilers by \$19,888 and the gas for barbeque & pool by \$41,196. These are items that will reverse themselves during the year when temperatures rise and we have no more need for electricity and less for oil and gas.

The net income reflected is a little bit over \$55,000. On the balance sheet, we have in excess of \$1,147,500 in the operating account and \$1,239,000 in our reserve account. Our security deposit account shows a balance over \$108,000.

Mr. Martinez made the motion to approve the April 30th financials as of April 30, 2010.

All Board members unanimously agreed.

Banking situation

We were using current FDIC insurance amounts in order to diversify our banking options with accounts at Bank of America, Citibank, Suntrust and U.S. Century Bank in the amounts of \$250,000 in order to secure our money. Our interest income right now is very low as you may all be aware due to the current interest rates offered out in the market. We are vigilant of our money and where it is for security purposes.

Reserve Account

Our reserve expenditures for the year are all based on our Reserve study and are all within the Reserve Budget for this year or prior year if those repairs were carried forward to this year. The major expenses in this area are Building paint, Sliding glass doors and now we have obviously begun the lobby and Common Room renovations in both Phase I and II.

V. Manager's Report

Mr. Maura presented his monthly Manager's report (see attached) in which an update of all pending and completed projects was given. An update on the lobby renovations was presented by Mr. Maura and Mr. Martinez. It was explained that the main hold up was obtaining the permits from the City of Key Biscayne. Final permits were granted this week. All work began on Tuesday; all demolition work has been done in the Chuck Shaver as well as the card room and Phase II. Chuck shaver, multipurpose and Card Rooms. The tile delivery is due to arrive within the next few days; this will be placed in the parking area by the tennis court.

Mr. Ottavio explained that we have the option of keeping the same type of lighting we have now or have them replaced with LED lights. The cost for LED lights is higher than the ones we currently have but have a longer lifetime (10 years) and are energy saving. We are currently \$75,000 under budget due to the LED lights that have already been placed. If it is decided on the new LED lights, we do have the money to make the change in lighting without any special assessments. Each LED light costs about \$70 each.

Mr. Martinez made the motion to utilize the LED technology in the renovation of the lobbies and common areas.

All board unanimously agreed.

VI. Manager's contract: duration of employment and date of renewal

Dr. Dominguez informed that Mr. Maura's contract will expire in September 30th 2010. We currently have a 9 month extension from a contract that ran from May 25, 2006 to December 31, 2009. If no action is taken it will automatically renew for 12 months, falling in the same costly and unhealthy pattern we previously had changing managers almost yearly, which is proved not to be of the best interest for the Association in terms of maintenance, operation and lack of stability.

Dr. Dominguez moved to renew the Manager's contract of June 30, 2010 for a period of 3 years with the same conditions specified in the current contract subject to labor attorney's revision.

Motion resented.

All Board unanimously agreed.

All members expressed their points of view.

Mr. Ottavio mentioned that he saw no need to renew the contract for such a long period of time, and to tie future Boards with long term contracts and that Florida Statute does not require a contract for Managers.

Dr. Dominguez expressed that all Boards will tie future Boards with long contracts as long as they stand behind the best functioning of the Association, as an example we have service contracts as Pritts Roof Maintenance, 5 years, ThyssenKrupp maintenance for elevators, 5 years, AT&T roof rental of antenna, 5 years, Waste, 3 years, Comcast will be for 5-7 years, as well as many others.

Mr. Khan advised he had seen great changes since Mr. Maura arrived to The Towers and would like to have the contract renewed for long term.

Mr. Lopez would like to include specifications to help arriving to an objective annual evaluation.

Ms. Owen suggested that the Board comes to an agreement that the contract will be renewed for 3 years with the specifications to be reviewed by the entire Board and subject and finally the labor attorney.

Dr. Dominguez moved to renew the Manager's contract by September 1, 2010 for a period of 3 years with the revisions of the existing contract made by the entire Board and subject to review of the labor attorney.

All Board unanimously agreed.

VII. Restaurant Committee Update

Mrs. Rosenblum informed that the Committee has met 3 times. They produced a survey to be sent to all residents, their opinions will be incorporated in the final evaluation and their recommendation to the Board.

The Committee also called a restaurant consultant to inquire about their scope of work and fees. They highly recommend to the Board to obtain a professional evaluation of the restaurant's operation.

Mrs. Rosenblum made the motion to allow the Restaurant Committee to send a survey to all residents (owners and renters) to give their feedback on the restaurant.

All Board unanimously agreed.

Mrs. Rosenblum made the motion to hire a restaurant consultant to define the financial aspect of the value of our contribution and how to improve the restaurant operation at a charge not to exceed \$3500.

All Board unanimously agreed

Mr. Martinez explained that Sepi Construction requested an extension of their contract due to the permit process extension for the lobbies and common areas renovations.

Mr. Martinez made the motion to extend Sepi's lobbies and common areas renovation contract for a period of 45 days.

All Board unanimously agreed.

VIII. Open Forum

An open forum was conducted in which questions from the audience present were answered accordingly.

IX. Adjournment

Meeting Adjourned at 9:26PM

Minutes typed by Linda K. Sanchez

Minutes approved by Dr. Elsa Dominguez, Secretary