

PORTER COURT CONDOMINIUM ASSOCIATION, INC.
ANNUAL MEETING

Open Conference Call
Via Zoom
January 26, 2023

1. CALL TO ORDER

President Al Montgomery called the Annual Meeting to order at 10:05 a.m.

2. CERTIFY OF QUORUM

There were eleven members present and three members represented by proxy for a total of fourteen members represented. A quorum was obtained. Operations Director Sterling Christian, Community Association Manager Reneé Tompkins, Laurie McChesney, and Jose Wenzel were present on behalf of Management.

3. PROOF OF MEETING NOTICE

Proof of meeting notice was provided by affidavit signed by Association's Property Manager Reneé Tompkins

4. MINUTES OF PREVIOUS MEETING

President Al Montgomery moved to approve the prior annual meeting minutes of January 27, 2022. Vice President Bonnie Brown seconded. The motion was approved unanimously.

5. PRESIDENT'S REPORT

President Al Montgomery reported that 2022 was a positive year, with many projects completed, all within budget:

1. The transition of ownership of the Community Association Company from Sterling Christian to Phil Wilson and Laurie McChesney of Preferred Properties, which has gone smoothly. The original CAC staff is still the same, and Sterling will continue to be available as back up. Laurie's staff is also available for support.
2. The landscaping looks great thanks to a strong landscaping team from Excel.
3. The bike area was upgraded.
4. The sidewalks were power washed
5. New ground lights were installed that save energy and look much better and don't continuously break like the old lights.
6. The upper decks of two buildings were repaired and upgraded. In 2023 the upper decks in the other three buildings will be done.
7. A new large permanent pool sign was installed. (Thanks to Bonnie Brown, it was acquired at a very reasonable price.)
8. An extensive rebuild of the pool shed and adjacent trellises was completed.
9. The last two of our five roofs were rehabilitated. (Thanks to Ed DeMore who found a good and less expensive contractor.)
10. Hotwire is installed and working well
11. The pool and spa heaters were replaced.

An owner said that the sidewalk in front of their unit was not power washed. Al said he would look into it. An owner asked about the Hotwire fee, and it was explained that the new service includes more channels and internet, which had not been included with Comcast.

6. YEAR 2022 FINANCIAL REPORT

Treasurer Tom Bond reported that the Association ended the year in better shape than expected as some expenses were able to be reclassified to reserve expenses. Tom discussed the status of some of the line items:

1. Insurance – feels they made a good guesstimate (11%) of the increase for 2023. It might go higher, but feels the budget is still in good shape
2. Maintenance – lower than budgeted
3. Operating contingency – wasn't needed luckily
4. Pool maintenance – just replaced the spa pump, which was way under the budgeted amount
5. Landscaping – came in a little more than budgeted due to their rate increase
6. Utilities – came in \$1300 more than budgeted
7. Reserves – there was a little more spent in reserves than allocated due to roofing issues that had been rolled over from 2021. But the association is in a very good position with the projects for 2023 (the upper decks)

An owner asked about the refund from Hotwire, and Tom explained that after much discussion and weighing the difficulty of trying to allocate each owner's share, the Board had decided to put it in the operating fund to help keep the dues increase lower. The other sub-associations in TAMPOA had opted to do the same thing.

7. UNFINISHED BUSINESS

President Al Montgomery discussed the Transient Rental issue. A question was asked as to who has the license in PC and is authorized to use it. Of the 19 units, 17 have the transient license assigned to them, but only 2 (406 & 413) are authorized to use them. This has been validated through the governing documents which were amended in 2017 with the needed 75% of owners in agreement to not allow transient rentals of less than 30 days. The amendment was recorded with the County, and it stipulates that only "grandfathered" units (currently Unit 406 and Unit 413) are exempted from the amended rules that stipulates they can only rent for 30 days minimum.

Another question arose regarding the medallion that Unit 417 has on their unit, which signifies it can rent on a weekly (transient) basis. The governing documents override any transient license that a new owner may get from the seller. President Al Montgomery said he had notified the new owner that the unit cannot be rented transiently even if it has a plaque, and the owner had agreed to remove the plaque. He will reach out to the owner again, as it is causing confusion.

A question was asked if there is a rule against maintaining the license. Vice President Bonnie Brown, who is a Florida real estate attorney, said that you can maintain the license but should not display the plaque, as it goes against the current Porter Court governing documents.

To change the governing document would take 75% of the owners to agree to it; that is 15 out of the 19. Also, the transient license agreement with the City of Key West sunsets in 2025, and it's future is up in the air as to whether it will be renewed.

The Board asked anyone who suspects a unit is being rented transiently to please inform them right away. That doesn't include bona fide friends and family who are allowed to visit any time when not paying rent.

President Al Montgomery asked Ray Warren for a status update on the impact windows and doors project that he has been working on with Vice President Bonnie Brown and owner Senem Yaman. A survey had been sent to the homeowners back in November, but there wasn't a very good response, so Ray went out and personally looked at the units; he reported that few of them have hurricane impact glass installed. If a whole building has the adequate protection from impact windows and doors (or screw-on panels for the doors), it can get a discounted insurance rate. Sterling Christian noted that since Porter Court is a condo association, per the Florida statute, all owners would get the refund on their premium since it is a common area expense. However, then the question would be how to assess those who didn't comply with the installation. Sterling Christian also noted that changing out all the doors would create an issue with the TAMPOA Architectural Control Committee, as each building has a unique door and to change it would require a 75% vote from the owners and an approval from TAMPOA as well as approval from the City of Key West HARC (Historic Architectural) department.

President Al Montgomery encouraged all owners to get impact windows for the many benefits they provide:

- Dramatically reducing noise
- Air conditioning cost reduction
- Protection from hurricane winds and flying objects
- Home more secure from break-ins
- Added value to home

President Al Montgomery resumed the transient rental discussion and addressed whether Porter Court owners wanted to reconsider switching back to the pre-2017 rental rules that allowed weekly rentals. This is a serious topic, as it involves many ramifications--not the least of which is the insurance issue. He explained that he and Tom Bond had a Zoom meeting with Richard Rodriguez, Vice President of USI insurance. Richard has been Porter Court's insurance broker for over 20 years and is very knowledgeable and highly respected in the industry. He discussed the status of the insurance industry--particularly in Florida and the Florida Keys. Wind insurance has dramatically increased, and it has been getting harder to obtain coverage. Basically, Citizens is the only company providing coverage, and they are very aggressively researching whom they will insure in the Keys.

Richard Rodriguez confirmed that currently Porter Court is considered "non-commercial" based on its percentage of transient rentals; but if it were to change its status to "commercial" the insurance rates would at least triple, if not cancelled. Tom Bond confirmed that the current amount of insurance for Citizens was \$78,000 last year and will probably increase to at least \$87,000. He also stated that "Citizens will not even insure a non-residential condo association."

President Al Montgomery stated that the bottom line regarding the transient rental issue is that Porter Court doesn't want to risk dramatic increases in insurance, or worse, losing the insurance. Without insurance, homes likely will become unsellable. Mortgage covenants could be violated as well. He noted that TAMPOA is not taking a position on the transient renewals, as not enough owners are interested. Also, the City of Key West is currently very hostile to rentals right now. Hotels are lobbying against the rentals, too. Thus, the prospect of renewing or extending the transient rental agreement does not currently have much support from the city government.

However, if owners are still interested in overturning the current transient rental rule, it would require the petitioner first to submit a written request for the Board to vote on this. If the vote of the Board were negative, the petitioner would then need to submit written requests in favor of the subject from seven different owners to the Board of Directors. If this were to occur, the Board would be required to have a noticed meeting and discussion within 10 to 50 days at which time unit owners would vote on changing the governing documents to allow transient rentals. Fifteen owners would need to vote in favor of the proposal. (It is expected it take only 3 or 4 units changing to transient rental properties to tip the scale into becoming a “commercial” entity vis-à-vis the insurance definition.)

Ray Warren reminded everyone to remove furniture from the patios when they leave for the summer.

Owner Larry Halstead asked about the occupancy limit at the pool and people giving out the gate code to their friends who aren't staying at Porter Court. President Al Montgomery said he sent out an email regarding that subject but wants to remind owners again that there are rules about the maximum that stay in a unit and the use of the pool. There is also a TAMPOA “boarding house rule” that restricts owners from renting their unit to two or more unrelated people. Also reserving pool chairs is against the Porter Court pool rules. An owner asked why the pool hours had changed from the 9:00 p.m. closing to dusk, and President Al Montgomery said it was due to Florida statutes.

President Al Montgomery brought up the new Rules and Regulations that had been emailed to the owners and through an oversight still mentioned the TAMPOA transient rental limits, which are not relevant to Porter Court. They are being revised and will be sent out again.

8. NEW BUSINESS

President Al Montgomery noted that the Porter Court Board of Directors will stay the same as last year.

President Al Montgomery made a motion to approve rolling over excess member revenues to the following year and allowing the use of reserve funds in case of a disaster. Vice President Bonnie Brown seconded. The motion was approved unanimously.

9. QUESTIONS AND COMMENTS

Questions were taken during the meeting.

10. ADJOURNMENT

President Al Montgomery moved to adjourn the meeting. Vice President Bonnie Brown seconded. The motion was approved unanimously. The meeting was adjourned at 11:43 a.m.

Respectfully Submitted,

Reneé Tompkins
Community Association Manager