

My 4th and final President's message! It's been an "interesting" 4 years and I leave with mixed emotions. Again, I came into this job w/o any preconceived ideas of what should be, or needed to be, addressed – but learned quickly on the job. This is supposed to be the "State of the Union" speech (or to be exact a "State of the Condo" speech), wherein the CEO lays out their accomplishments from the last year and sets the tone for future boards to build upon. However, I'd like to leave the exact review of successes (or not so successes) to the individual board chairpersons during their reports, and I'll stick to the 64,000 ft view.

I'm probably also supposed to give you the "glass half full/or even ¾ full" view to keep you confident that Excelsior is in great shape and has no worries. Those who truly know me, however, know I won't "carry water" just to achieve an outcome. I can emphatically tell you this – we as a complex are in better shape – physically and financially than 80% of our competitors on the key. Having worked with SKA and SKCC and attended their meetings, and my personally staying abreast of county/city/state laws and actions affecting condos across Florida and having asked other condo boards about their physical/financial positions – I can assure all our unit owners of that fact!

As I see it – our issues may not truly be "our" issues. If Excelsior could pick itself up and move to another location and bring along just the "team players" what a wonderful world it could be. But reality gets in the way, and outside forces cannot be ignored. Such things as -

- a. The property/liability insurance industry in FL. A total state of disarray. So much, that the government called a historic special session to attempt to fix it, and perhaps did more harm than good. So now our Governor has called another special session before end of this year to try again. We're up against multi-billion dollar reinsurers, who simply won't let their shareholders loose money on a bad bet. 8% of insurance premiums in the US are generated in FL, and yet 72% of insurance payouts happen in this state. If you were the CEO of an insurance company, would you expose your company to that? We have lost dozens of private insurance companies in the last 3 years either simply pulling out, refusing to write policies, or liquidating as a result of the crazy pay outs. The insurance industry has a cute term for it – "a hardened market" – that's simply code for "screw you FL condo owners"! I was excoriated for switching insurers in 2020, but then we were all promised that was going to be fixed last year, bringing back in our "hero" insurance guy. Instead, the cost went up even more in dollars than the increase the year before. And to even get coverage we had to go further by converting 3 of our buildings to what is called the "insurer of last resort" – a state run program called "Citizens", which really doesn't even function like all other insurance companies, but a state controlled disaster fund, which despite signing up for a 5% deductible, they reserve the right to surcharge their policy holders up to 40% of your premium when a claim is made in year one, they then can chargeback every insurance policy in FL (any coverage – car, theft, business, etc..) up to 2% of all their premiums, and actually continue to chargeback adinfinitum up to 30% of their Citizens premiums, until any deficit they post is back on their books. Kinda scary to me – particularly for those 3 specific buildings.
- b. New state law (SB4) requiring 100% funding of reserves for roofing, paving, painting, and any other structural items that can affect same. That will add a major cost to reserves, but luckily not needing to be addressed until our 2025 annual meeting (and we all 100% believe the state will lower that unachievable goal for most condos before such deadline!). Again, Excelsior has solid reserves to get us close to the requirement, but for many condos it can double-triple- or even worse, their reserve requirements and therefore their quarterly assessment payments! You're going to learn and hear a term called "**Condominium Termination**" (explained in FS718) as some will not be able to handle what can be \$100,000+ special assessments to each unit owner to comply w/new law. So instead unit owners agree to sell their whole condo complex to developers, take the cash, and leave. Excelsior in no where near that outcome. As a matter of fact, look at your reserve spending plan wherein total reserves that today are apx. \$800,000 grow each year that by 2027 are projected to be north of \$1.8M. But as this new legislation impact is felt and begins to happen in Florida, it once again changes the landscape for beach front condos in FL.
- c. This insurance debacle then actually spills over to the mortgage market, as Freddie and Fannie won't write mortgages unless there's enough good insurance to cover their exposure also. And, unless you're doing a cash deal, buyers are then finding bankers unwilling/unable to secure loans. And that's without the issue of a 3% mortgage loan in 2019 becoming an 8% loan in 2023! Talk to any real estate agent about what is happening to the FL condo market.

- d. Growth on Siesta Key. Try all we may, I don't see that it can be stopped. Hotels are being approved, the Promenade complex at corner of Stickney Pt and Tamiami which cost millions of dollars trying to stop is (as you can now see!) coming to fruition. Siesta key is trying to incorporate itself, so as to moreso control its own destiny – but that's a long way from being achieved.
- e. Short term/transient rentals – although against our docs, we've fought the unending battle against allowing this at Excelsior, and while some success has been had, the battle continues and the “major league” players in this arena on BOTH sides – the AirBnB, VRBO's, etc and the builders and large rental owners with their lawyers behind them make it almost impossible to stop. There is no doubt it brings a “different” clientele and adds costs to complexes. Bad enough it's happening up and down the key, but when we have complicit owners in-house breaking our own rules for their own personal financial gain, it pains me to no end.
- f. Staffing issues. Excelsior, like almost all businesses, has faced this in the last few years and whereas currently we're kinda in a “good” place, and are fully staffed, some changes are undoubtedly right around the corner that will need to be addressed – lucky for me, by the next board.

So, I apologize, as I'm sure that doesn't sound like the “glass ¾ full” that I so want to report! But again, we're in a much better spot than other complexes around here. We have great reserves, we've “fixed” our buildings, and we've maintained sanity on our expenses as best as we could. Certainly, I don't see any need to panic today, but a more stringent and continued review of our finances and a watchful eye to the “business” of Siesta Key overall is certainly warranted/needed.

I most importantly need to say thanks to so many people, and as always when speakers do this, also state up front – I know I'm going to forgot some, so please forgive me.

- 1) To the staff – thanks for working with me to correct some of the things identified as being done wrong for lots of years and for accepting the need to make some procedural improvements/modernizations/new policies to get us functioning better.
- 2) To this board, and all 4 previous boards – to those who understood what our responsibilities were and that not one individual member is more important than the group, and decisions need to be made by the majority of the board – Thanks. My charge to next year's board, and all future boards though is to follow that rule – do not let the “bull into the China shop” to takeover - it never ends well! Keep an eye on the finances – we have rules in place to protect same, but need to make sure they're being followed! This complex does owe you a debt of gratitude for all the hours and efforts you put forth not only for no pay, but sometimes at the pain of arguments from some!
- 3) To the dozens of unit owners whose names I know, but in some cases I wouldn't even recognize them (my fault not yours!) that continually sent me phone calls/emails/texts stating how they are truly appreciate of the work I, and my fellow board members, did for this complex, and complimenting me that during times of craziness/stupidity/turmoil by a teeny/weeny minority, I didn't blow up.
- 4) Moreso to the many closest friends that Mary and I have made over the 17 years on property – you've been amazing. Talk about help getting me through the “dark times”, they were always there for us, and my thanks pales in comparison to what you have done for us. We've made 100's of friends through our life, but Excelsior has some insanely kind and successful people that to be around and tap into has just been amazing. Glad I had the chance.

As I said 4 years ago, my motto was and still is – Pride in our Past, Performance in the Present, and Prayer for the future.

However, being my last chance to speak from the “bully pulpit” I am compelled to share some more personal feelings. I just got done indicating how my calm silence, and just steady leadership despite naysayers/malcontents/misinformed/self-centered owners made it difficult, but I continued to operate under one of the golden rules – keep your head down/temper your speech/keep your eye on the goal and let your calm silence speak louder than those who think the loudest voices gets all the attention and gets whatever they want! I stated before what the FL Supreme Court said about condo living – while you can be the king/queen of your unit, you must sacrifice some rights when you choose to live in a condo setting and enjoy all the benefits thereof. At Excelsior you own your 1400/1300/1200 sq. ft – BUT you don’t own any of the rest of the complex. That’s “common elements” and shared by the other 165 unit owners EQUALLY. There ain’t “improved” common area vs “non-improved”, there’s not the right to ignore any of the docs you don’t find fitting your beliefs! So, I speak to those who find pleasure in constantly trying to find your faults, where you’re wrong, and how great they are! I understood from day one they’d be out there, but never will waiver from the assigned responsibility of a board – to do the best for the most, not cater to one-two-three that just love complaining.

Two things drive me nuts –

- 1) People who spin “narratives” to drive their story regardless of whether the “facts” they quote are indeed “facts” or just opinions. I try hard not to mix the 2! As it is said – facts are a difficult thing to escape!
- 2) The saying – “that’s the way we’ve always done it around here”. I get it – change just for the sake of change is silly, but not correcting errors that even sometimes can lead to legal issues I can’t accept not correcting.

I applied these standards to this board seat. I committed to knowing the docs and statutes as best as can be, and way better than 99% of others who think they know what they say! I always tried to apply that to any situation then without favoritism. I enacted “straw polls” in effort to give a voice to the most unit owners possible. And although I’ve watched both unit owners, staff and even other board members make unilateral and secret decisions that should have been left to the MAJORITY of the board to decide, I wouldn’t myself be guilty of that. Even though I was, in most cases, the “target” as it was me presenting those decisions to our membership, I didn’t make those decisions or rules – they were made for me by statute or board votes. Examples -

- 1) I didn’t indicate that quarterly assessments were due and payable on the 1st of the month, and that they were late as of that date and if not paid by the 10th (even though somehow for years the owners thought it to be the 15th!) there is a fine plus interest. And who can’t see that you not paying on time hurts your other community members?
- 2) It’s not me that says just because your parking spot allows for sun to hit your car that you can’t just go and deed yourself a different parking spot!
- 3) It’s not me that says the association has the right to enter any unit as necessary whether you say we can’t or not! That’s been long decided by case law long before I came on the scene.
- 4) It’s our docs that say who you can “give” your unit to without it being a rental, that any rental MUST be for minimum of 2 weeks, and that a request for same must be made to the board w/application and fee paid to the B2B before rental will be granted – not me.
- 5) It’s not me that says you can’t have a white front door or hang wreaths on it. Nor have motorcycles, 20’ pick ups, or watercraft
- 6) Nor can you take our amenities that are paid for by unit owners, and those renting at Excelsior, and try to turn them into your own private playground for your 20 closest friends who pay nothing for that privilege and instead actually prevent the “paying customers” from using the same. How can you not see that?

And you want to talk about actions taken by some around here –

- 1) It's not my boards that took over \$250,000 in operating profits from 2013-2017 and without membership approval simply pushed those profits into reserves against FS and IRS code. The membership approves both an operating and reserve budget and it's very clear what can happen to operating profits! ByLaws Article XII, Section 8 - ***“at corporate year end, any surplus remaining from the operating assessments shall be applied to the budget of the full year following the determination of such surplus in such a manner as to effectuate a reduction in the projected assessment for that next year, or in the event of a deficiency, the same shall be assessed against the various units by the BOD in the next budget”***. I don't blame past boards – it just falls into that category of – “that's the way we've always done it around here”!!!
- 2) We had the sad chapter of Covid/China virus strike on my watch, and while we could all agree there was nothing in our docs providing for a return of rentals to those who had to leave early, or not come at all, it was both morally and common sensical (as did 99% of all condos in FL) that it would simply be wrong to keep their money. While 5 or so unit owners balked not wanting to lose their rental income, they all came to see it as the right decision after explanations, except one unit owner who took 100's of hours of the associations time, thousands of \$'s of our lawyers time (and that's your money!) and forced us to write a check for +\$7000 to prevent further legal action to keep their stupid little rental money.
- 3) We have a unit owner that routinely, against what is stated in the owners listing agreement that they signed that clearly states only Linda, as their agent can negotiate rates, would do just that and tell Linda what to charge their renters. In 5 years time this cost the corporation over a \$100,000 loss in rental income – sound fair, sound like a team player? By the way, that same owner approached as I was told by at least 2 other renters and offered them a discount to switch the next time to their unit. Nice, huh?
- 4) We had a unit owner who rented outside our REC. Very rarely paying the required \$100 transfer fee to B2B on any rental despite our asking for same. They even put in writing, and had their rental agency also write a letter – indicating they would never rent for less than 2 weeks. It wasn't until they listed their unit for sale, that I sneakily asked their realtor if they could provide proof of their claim of having \$40,000+ in rental income, and she was dumb enough to show me the 2020 rentals this unit had! 22 of the 27 were for 1 week, and a few of those even for 2-3 day weekend stays! Again, that's \$3000 your association should have had in transfer fees, and certainly should not have been allowed to bring in their daily/weekly renters! Stabbing their fellow owners in the back. A shame to see them go . . .
- 5) We installed the FOB system to improve security – at the request of a majority of our owners by the way! But we have owners who then attempt to destroy the effort by literally cutting wires to de-activate the system, still propping open gates regardless of the alarm sounding, or even breaking the gates to gain access – just to avoid using a FOB. Are we glad to have them as fellow owners?

All I can say is this – I tried to build a closer knit sense of community. I tried to get everyone to “play by the rules”. Shame on those that didn't & still don't share in those goals!