

**SOUTHEASTER, INC.**  
**BOARD OF DIRECTOR'S MEETING MINUTES**  
**JUNE 11, 2024**

The Southeaster, Inc. held a Board of Director's meeting Tuesday, June 11, 2024, at 11am in the recreation room of the Southeaster Condominium, 4841 Saxon Drive, New Smyrna Beach, Florida. Notice of the meeting was duly posted on the Association property at least 3 days in advance. A quorum of the board was established and Skip Jewett, President called the meeting to order at 11:00 a.m. Directors present were Rob Schwarz, Director and Keith Ellis, Director. Skip Jewett, President; Linda Breum, Vice-President; Jerry Rauterkus, Director; Blake Thomas, Director; Frank Melton, Director and Steve Howard, Director, were present via conference call.

Linda Breum moved to approve the minutes of the February 10, 2024, Board minutes which motion was seconded and unanimously approved.

Rob Schwarz presented the treasurer's report: See attached.

Manager's Report: There are some ongoing concrete repairs that are being addressed. The column repair and/or column replacements in the F building are being addressed by United Engineering. The gates between B & C and A & B have been repaired. Sod has been replaced around the A and F buildings that were damaged by the storms last year. Some minor plumbing and irrigation repairs are complete.

United Engineering Consultants, Inc., have been retained to perform the Structural Integrity Building Inspection and they are scheduled to begin their inspection on September 11 and 17.

Custom Reserves, LLC, have been retained to perform the Structural Integrity Reserve Study. They have provided a preliminary reserve study but cannot complete the study until they receive the results of the Structural Integrity Building Inspection.

There was discussion regarding the roof replacement for buildings B through F. We have obtained 3 bids ranging from 1.1M to 1.3M. Luann Fanelli and Blake Thomas will interview all three contractors and make their recommendations to the board at the next Board meeting scheduled for July 13, 2024.

The board will discuss and possibly approve a special assessment to cover fully funding our reserves which is required by the state by January 1, 2025.

Security has been obtained for the July 4<sup>th</sup> holiday by a company called "Off Duty Officers". They will be here during the day and the evening on July 4 and July 5.

The board obtained a legal opinion regarding the recently passed Senate Bill (SB 280) – "Vacation Rentals" (see attached legal opinion). The bill establishes statewide mandates for short-term rental properties that if you rent a property more than three times a year for less than 30 days at a time or if you publicly advertise your property for rent in this capacity, you must acquire a Florida short-term rental license from the state. The bill also establishes the registration requirements, including requiring applicants to submit

identifying information about the owner and operator of the vacation rental; provide proof of a division-issued vacation rental license through the Department of Business and Professional Regulations (DBPR); proof that you are paying the required taxes to the department of revenue and the county of Volusia and also requirements created by the measure are overnight occupancy limits on vacation rentals, with a maximum of two people per bedroom plus an additional two in a common area. The board will establish procedures for obtaining this information.

The Membership meeting to vote on whether to authorize the Board to sell the association owned unit C202 is scheduled for Saturday, July 13, 2024, at 9am in the recreation room. There will also be a Board of Directors meeting to possibly approve a special assessment immediately following the Membership meeting on July 13, 2024. The agenda for both meetings along with a proxy to vote the sale of C202 will be emailed to all owners at least 14 days in advance of the meetings.

The Board discussed whether the sales proceeds from the sale of C202 would be used to offset any special assessment for the roof/mansard replacement and repainting projects. The Board decided that the sales proceeds would be applied solely toward fully funding the Association's reserves as required by the State as of January 1, 2025, and that the sales proceeds would not be an offset against any special assessment, nor would they be used to refund any owners who had paid a special assessment. The Board agreed that this will be clearly stated in the addendum to the proxy for the vote on whether to authorize the Board to sell C202.

Blake Thomas moved to appoint Eric Miller to fill the vacant board position which motion was seconded and unanimously approved.

Blake Thomas moved to appoint Rob Schwarz as Treasurer and Frank Melton as Secretary which motion was seconded and unanimously approved.

Rob Schwarz moved to adjourn, which motion was seconded and unanimously approved. The meeting was adjourned at 12:17 p.m.

Frank Melton  
Secretary, Southeaster, Inc.



Southeaster Board Meeting  
June 11, 2024  
Treasurer Report

**2024 Financial Performance - Thru 4/30/24:**

YTD Income = \$396,780 (+154,000 vs budget) includes special assessment  
YTD Expenses = \$428,403 (-2795 vs budget)  
YTD Net Income = \$158,377 (+157,000 vs budget)

**Key Variances:**

Building:	+\$67,000	Concrete Repairs pay back reserves
Natural Gas:	+\$3,500	Pool Heating – heater turned off in April
Payroll:	-\$8,000	Under in payroll due to Ray leaving
Office:	+\$5,000	Annual CPA audit – will work out by year end
Pool:	+\$2,600	Increased cost for chemicals

**Cash position: (as of 4/30/2024)**

Wells Fargo Operating 9698:	\$93,476
Wells Fargo Money Market Act Reserves 3785:	\$177,063
Wells Fargo Savings Acct Reserves 6263:	\$52,786
Total:	\$323,325

**Notable Reserve spending:**

Concrete:	\$19,793	Minor concrete repairs
Insurance:	\$12,741	Annual Flood Policy

**Near term Reserve activity:**

Expecting to need approximately \$20,000 per owner for roof replacement

**Accounts Receivable:**

\$694 past due – two owner's partial payments due – both have paid

Dear Luann,

Thank you for reaching out with your concerns regarding the rental practices within the Southeaster Condominium community. I appreciate the board's proactive approach in addressing these issues, and I am here to provide a detailed legal analysis to assist in your deliberations.

### **Legal Responsibilities and Liabilities Concerning Independent Rentals**

It is essential to understand the potential liabilities that could affect the association due to the independent rental activities of individual owners. While the association does not directly control these rentals, its responsibilities and potential liabilities manifest under certain conditions:

- 1. Duty to Enforce:** If the association becomes aware of owners violating state laws, such as not paying resort taxes or renting without proper licensing, and fails to act, it could be construed as negligent. This negligence can lead to legal implications if the association's inaction is seen as endorsing or allowing illegal activity.
- 2. Governing Documents:** Most associations, including yours, have clauses requiring all members to abide by applicable laws. Failure of the association to enforce its own rules to ensure compliance with these laws can be viewed as neglecting its duty to uphold its governing documents, leading to potential legal challenges.
- 3. Vicarious Liability:** In instances where the association could control or influence owner behaviors and chooses not to act, it might find itself vicariously liable for the actions of its owners.
- 4. Reputational Risk:** Permitting or failing to prevent non-compliant rental activities can damage the association's reputation, potentially leading to lower property values and community disfavor.

### **Mitigation Strategies**

To mitigate these risks and reinforce the legal and operational standing of the association, consider the following measures:

- **Policy Enforcement:** Develop and enforce clear policies about rental activities. This includes requiring owners who rent out their units independently to provide proof of compliance with state laws, such as DBPR licenses and evidence of tax payments. Such a policy would need to comply with the voting requirements for adoption.
- **Regular Audits:** Implement a system for regular audits of rental activities and require periodic compliance reports from owners.
- **Educational Programs:** Organize informational sessions and distribute materials to educate owners on the legal requirements and the association's policies related to property rentals.

### **Next Steps**

I recommend that these insights and strategies be discussed in your upcoming board meeting to ensure all members are informed and aligned on how to proceed effectively. If further clarification is needed or if you wish to discuss additional measures, please do not hesitate to reach out.

Best regards,

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Owners who choose to offer their unit as a short-term vacation rental should be aware that doing so requires compliance with many state and local ordinances. The New Smyrna Beach Area Visitor's Bureau's website contains helpful information regarding some of those requirements.

<https://www.visitnsbfl.com/short-term-rental>

Payment of proper state and local taxes is also a consideration. Please see the Department of Revenue's informational document, GT-800034 and DR-15TDT with information regarding state and local taxes for short term vacation rentals.

[https://floridarevenue.com/forms\\_library/current/gt800034.pdf](https://floridarevenue.com/forms_library/current/gt800034.pdf)

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Violation of any state law or local ordinance regulating short term vacation rentals and/or failure to properly pay state and local taxes will result in fines and liens against your you and your property.