

Board Meeting Minutes

Barefoot Beach Resort of Indian Shores Condominium Association, Inc.

Date – February 12, 2015

Time – 6:30 PM

Place – Clubhouse

Attendees – Board members: Bruce Bornick, Denise Reilly, Harry Artz, Paul Sottile and Kim Porte. Also in attendance – Linda Pisano, Associa Manager and Beverly Grace, C-107

The meeting was called to order at 6:45 PM with all Board members present. Paul moved to approve the Minutes from the January 8th and January 13th Board Meetings. Denise seconded the motion and the motion passed unanimously.

Treasurer's Report – Harry gave a summary of the Operating and Reserve Account Balances and the work that he, Denise and Paul had accomplished in the last few weeks. Kim made a motion to approve the Treasurers Report, Bruce seconded the motion, a vote was taken, and the motion passed unanimously. Details are provided on page four and five of these minutes.

Manager's Report – Linda reported that one of the two pool heaters failed in late January and had to be replaced. Bruce approved the emergency expenditure. The heater was very old and it was not surprising it failed when overtaxed during the extra cold week in late January. Now with two functioning heaters the pool is once again a very popular hangout. Mario completed a temporary repair to the pool bath door frames. At some point in the future we will have to replace the metal frames with fiberglass frames that do not rust. Our staff completed the stucco repair and painting of a small piece of stucco that cracked and fell off F building.

Unfinished Business

Property Maintenance and Projects

Pool Area – New Pool Signage has been posted that explains how to enter and exit the pool after 4 PM when all the non-electronic gates are locked. We are still researching security cameras for the pool area and boat docks.

Landscaping - Bruce walked the property prior to our meeting and reported that the entryway median plantings at the east end near the pool are definitely the most in need of work. Our landscaper presented a revised bid lowering his price if our maintenance staff handled the cleanup. The Board discussed this and agreed the plantings are in need of work, but they are not pleased with the bid and would like to get a few more bids. Paul apologized he has not been able to work on the plan/analysis of the full landscaping needs of the property and he would still like to have an overall plan before doing the job in sections. We will collect more information and bids before we take action.

Roofing – The Board met with the Gary Albritton, our roofing consultant, just prior to this Board meeting to discuss his findings. We reviewed the specifications and his inspection report and

are satisfied with his assessments and plan to move forward with acquiring bids for the roof replacements and repairs. He will conduct a Bidders Meeting within two weeks.

Committees and Special Actions

Monthly Financial Statement – We will provide January financial information at the March Board meeting. For December, Harry further elaborated on the figures and the process of closing out the 2014 year. There were some financial tracking and categorization issues resulting from the transition to a new association management company in August 2014. Each company (RVA and Associa) categorizes income and expenses differently and aligning all the funds properly from one company to another is not a trivial matter. After many hours of work and numerous discussions with Associa's accounting staff and our former CPA, Harry reported that our Reserves are strong and we have the necessary Operating account cash available to function smoothly. He indicated that there are still some anomalies with the operating accounts and the guidance from Associa is that we advise the auditor of our RVA to Associa association management company transition, and attest to the accuracy of the financials once the audit complete and after any recommended adjustments. Harry made a motion to close the 2014 financial books and Denise seconded the motion. A vote was taken with all board members approving the motion. We will contract a Reserve Study later this year (August/September timeframe) with the goal of having it ready to support development of the 2016 budget. It will be very helpful to have the roofing work complete prior to the Reserve Study. The Reserve Study will take 2 to 3 weeks to complete.

Status of Condos in Arrears or Foreclosure – Denise reported to the Board that she and our attorney are closely monitoring the few condos currently in this status. She updated us concerning "owed" maintenance fees that were paid to us in late 2014 on one unit amounting to \$24K. Fannie Mae recently notified us that that this amount was in dispute. Denise worked with our attorney Sean Costis and agreed to refund \$5K of the \$24K and avoid a costly legal battle.

Selection of a 2014 Auditor – The Board discussed the various firms that had submitted bids. Paul proposed that we throw out the lowest bid because he felt they were too low to properly do the job. He also thought we should throw out the highest bid because they were so much higher than the other bids. The Board agreed and we were then left with two very good choices for our 2014 Auditor. We discussed the merits of each in detail. Bruce made a motion to approve hiring Barzano & Associates, Paul seconded the motion, a vote was taken and the Board approved unanimously to hire Barzano & Associates.

Fire Alarm Telephone Service – We currently operate our Fire Alarms on a landline telephone system that costs the association approximately \$7000 per year. Bruce asked Linda to seek out other options. One uses cell phone technology and is much less expensive. The Board would like to have Linda look into getting more bids and Bruce will go back to the initial bidder and see if they can lower their bid for the cost of the equipment and installation.

Status of Boat Slip Sales – Members of the Board will be meeting with our attorney to finalize the By-Laws and Rules and Regulations Policy for the Developer's new Boat Slip Association. This is one of the final steps required to ready the slips for sale to our owners.

Barefoot Beach Owner Q&A Sheet – Bruce continues to work on this information reference. When complete it will be an easy reference sheet for owners that summarizes the most important information from all the laws, statutes, rule and regulations associated with being a Barefoot Beach Resort Condo owner. It will provide key information and clarify Owner and Association maintenance responsibility boundaries.

No Pet Policy – **BAREFOOT BEACH STILL HAS A NO PET POLICY.** There have been no changes to this policy. There is nowhere on the property for pets to relieve themselves. For the 145 owners that rent condos, please ensure your guests understand this, and please enforce this policy. There are a handful of owners that were given permission to have a pet by a Board in the 2010-2011 timeframe. Once those pets pass-on, those owners will have to make a new request to have a pet. The current Board is not approving owners to have pets.

Storage Room Policy – We plan to document our current policy regarding the nine storage rooms on the property.

FDIC Insurance Limits – Harry made a motion to approve moving our reserve funds to multiple banks to ensure full insurance coverage under FDIC limits and to take advantage of higher interest rates offered at other banks. The President and Treasurer will take action to facilitate this change and will both be on signature cards for the various institutions. Harry suggested that when the accounts are set up the banks be made aware that a co-signature from a Board member as well as a signature from Associa will be required for expenditures exceeding a certain amount. Paul seconded the motion and it was approved unanimously.

2015 Projected Budget Expenditures – The December financials currently show \$10,392.74 in Owner Equity Prior year funds, which may be applied to this year's budget pending the audit should help with unforecasted expenditures. As we have been doing, Harry recommended we continue to remain conservative with our spending.

Increased Financial Controls – Harry reminded us that in leaving our previous management company we also did away with the CPA we had who provided a check and balance for financial management. With Associa we do not need to have a separate CPA (which is expensive), but we should implement additional financial controls that allow the Board to have sufficient oversight. Harry will work this action with Bruce and Associa and make a proposal to the Board.

The meeting was adjourned at 8:00 PM.

The next Board meeting will be held at the Clubhouse on Thursday, March 12, 2015 at 6:30 PM. All owners are welcome to attend the Board Meetings.

Barefoot Beach Resort
Treasurer's December, 2014

Summary of Operating and Reserve Account Balances

UNAUDITED	<u>12/31/13</u>	<u>12/31/14</u>	CHANGE	
LOANS				RATE
Developer Loan	0	79,770.53	79,770.53	4.25%
Line of Credit	0	35,000.00	35,000.00	3.75%
Insurance	<u>110,072.30</u>	<u>94,792.49</u>	<u>(15,279.81)</u>	3.40%
	110,072.30	209,563.02	99,490.72	
 BANK FUNDS				
Operating Account Balance	21,110.67	56,135.39	35,024.72	
Due From Reserves (Dec Adjustments)	<u>-</u>	<u>10,594.11</u>	<u>10,594.11</u>	
(includes owner prepaid \$39,915)	21,110.67	66,729.50	45,618.83	
 Reserve Account #1 Balance	78,806.15	99,674.33	20,868.18	
Reserve Account #2 Balance	1,000,865.51	1,050,366.20	49,500.69	
Due to Operating (Dec Adjustments)	<u>-</u>	<u>(10,594.11)</u>	<u>(10,594.11)</u>	
(now matches Reserve funds)	1,079,671.66	1,139,446.42	59,774.76	
 TOTAL BANK FUNDS	1,100,782.33	1,195,581.81	94,799.48	
 RESERVES				
Drainage	87,580.00	92,852.95	5,272.95	
Exterior Painting	46,791.00	60,216.87	13,425.87	
Laundry Equipment	13,175.00	14,645.95	1,470.95	
Paving / Parking Areas	38,980.00	28,642.84	(10,337.16)	
Plumbing System	227,364.00	249,321.27	21,957.27	
Roofing System	530,379.00	552,098.85	21,719.85	
Seawall	69,256.00	79,313.14	10,057.14	
Swimming Pool	12,559.00	7,164.34	(5,394.66)	
Interest Earned	<u>53,588.00</u>	<u>55,190.21</u>	<u>1,602.21</u>	
	1,079,672.00	1,139,446.42	59,774.42	
 TOTAL ASSETS / LIABILITY & EQUITY	1,315,811.54	1,437,560.65	121,749.11	

Barefoot Beach Resort
Treasurer's Report, December 2014
December 2014 Actuals

SUMMARY

1. Substantial Adjustments to Reserve Accounts
2. True-Up of Operating and Reserve Bank Account Balances
3. Outstanding Items
 - Discrepancy between audit prior year funds \$86,842 and 2014 budget of \$123,000
 - Reserve Expenses appear to have first 8 months expensed 2x.
 - Do not have August 2014 detailed operating G/L
 - Requests out to former management company for explanations
 - Board sign-off needs to be contingent on Audit

VOTING ITEMS

1. Vote to Close 2014
2. Vote to Select Auditor

DISCUSSION ITEMS

1. 2015 Budget - early outlook of projected expenditures
2. FDIC Insurance Limit – add banks to protect funds and increase interest

	1,139,446.42		
(Illustrative)	(Illustrative)	(Illustrative)	
- Retain BB&T for Operating Accounts	\$ 66,729.50	Checking 0%	
- Retain BB&T Reserve Account #1		MM Savings .15%	eliminate this account
- Retain BB&T Reserve Account #2	<u>\$ 172,716.92</u>	MM Savings .15%	\$ 239,446.42
- Add 2nd Bank - Bank United	\$ 500,000.00	MM Savings 1% 90 day, then .75% ongoing	
- Add 3rd Bank - Everbank	\$ 250,000.00	MMSavings .56%	
- Add 4th Bank - C1 Bank	<u>\$ 150,000.00</u>	MM Savings .5%	
(banks are suggestions)	\$ 1,139,446.42	\$ -	
(want to ensure liquidity for roofing and other)			
(assume 6 month full interest, 6 month less \$600k)		leave as is	1,259.17
(assume move funds by 4/1 and new rates less \$600k)		new rates	<u>2,727.51</u>
		increased income	1,468.34

(assumes defer borrow against reserves for insurance until 2016)

3. Considerations for Co-signer for Reserve Expenditures
 - Require 2 signatures on Check
 - 1 Associa, 1 Board Member
 - Suggest at least 2 Board Members on file
 - Potential for delays
4. Considerations for increased financial controls to ensure budget compliance
 - Board approval of all non-budgeted and non-routing one-time) items over \$500 (currently \$1500)
 - Detail required on all invoices, debit, and Associa charges
 - Board sign-off on monthly financials
 - Normally board would review invoice or co-sign operating expenses - done by Associa today
 - Potential for delays