

Barefoot Beach Resort of Indian Shores Condominiums Association, Inc.

Board Meeting Minutes

Date – February 16, 2017

Time – 5:30 PM

Place – Clubhouse

Attendees – Bruce Bornick, Denise Reilly, Kim Porte and Joe Fritz attended in person and Harry Artz attended by teleconference. Also present were several property owners attending in person or by teleconference. Bruce called the meeting to order at 5:30 PM

Minutes – Bruce made a motion to approve the Minutes from the January 19, 2017 Board Meeting. Joe seconded the motion, a vote was taken with all in favor of approving the Minutes.

Manager's Report – Linda was unable to attend due to the meeting time change and previous commitments. Bruce updated us on her activities. He commended her for her work in coordinating the many changes and finishing touches on the Clubhouse remodel. The furniture has been delivered and arranged, exhaust fans in the ceiling replaced, paint touch ups completed. Our maintenance team replaced the rusty hinges on the exterior doors and also repaired the door seals to prevent rain leaking onto the floors. Final details in the restrooms are complete with installation of mirrors, paper towel dispensers and toilet paper holders. One cracked tile needs to be replaced in the kitchen. We will have the security system installed soon. Blinds will be installed in late February along with a TV and WIFI. A bookcase for a self-monitored lending library may be added in the future. We are also considering gym equipment in the future. We hope to have the Clubhouse open for use in March 2017.

Treasurer's Report – Harry presented the Treasurers Report via e-mail. One item noted was the decline in interest income. Despite the higher rates earnings are down in this category because our principle is much lower after the roofing expenditures. Insurance anomalies continue to come up and it is difficult to finalize December or January until these numbers come through. Bruce made a motion to accept the Treasurer's Report as it was presented. Joe seconded the motion, a vote was taken with all in favor of accepting the Treasurers Report. (See the Treasurer's Report below)

UNFINISHED BUSINESS

Foreclosure Actions – We have one owner who is severely delinquent on paying maintenance fees and who is claiming a second bankruptcy to attempt to continue to hold onto the condo. Bruce made a motion to use our Bankruptcy Lawyer to have the judge throw out the second

bankruptcy. Denise seconded the motion; a vote was taken with all in favor. This action will allow our attorney to file a motion to dismiss the bankruptcy and to prevent the unit owner from filing bankruptcy for one year. Without the ability to claim bankruptcy, we will be able to push for foreclosure on the condo and get a new dues paying owner in there.

Outstanding Reserve Balance from Insurance Borrowing – During 2016, we were able to pay back \$100K of the \$150K borrowed from reserves for our insurance premium, saving approximately \$2300 in interest (3.05% on \$150,000). Unexpected expenditures during the year exceeding our estimated underruns caused us to be unable to repay the total without lowering our operating cash bank balance below what we considered to be a safe level of \$74,459.20 at year end. We have paid back \$25K in January, 2017 and plan to pay back the remaining \$25K in February, 2017.

Harry made a Motion to state that our Auditor finds our actions to repay this amount are in compliance. Harry would further like the Board to formally approve the plan presented to repay \$25,000 in January 2017 and \$25,000 in February 2017. These Minutes, if the motion is approved will act as a Statement of Compliance and formal notice to the Owners of our obligation to repay the funds borrowed and notice that we have budgeted for this repayment in our 2017 Financial Plan. After discussion, with all members understanding the intent, Bruce seconded the Motion, a vote was taken with all in favor.

Harry further stated that this was a very complicated procedure, and while our intention was to save money, the time and work involved was substantial and if interest rates remain low we may just want to borrow from the insurer next year.

Bulk TV, WIFI, and Phone – Bruce updated us on research and findings on this subject. In addition to the information previously obtained (see last month's Minutes) Bruce has found that we may be able to negotiate this process for ourselves and obtain more services at substantial savings. He has spoken with several suppliers and states that by purchasing at a Resort/Hospitality rate we can obtain these services at substantially lower rates than owners are currently paying. More research needs to be done, but the Board is hopeful that a decision can be made this year on how to proceed. Important factors noted were:

- Need for multiple quotes and/or extensive research before deciding
- Contracts will only be signed with our attorney's approval
- Quality will be a key discriminator
- Limitations – we are on an island, not all providers available on the mainland are available here on Sand Key
- Spectrum/Brighthouse are doing business on the island and offer Hospitality/Resort Services

- Dish and Direct TV/ATT Satellite services are available (weather can be an issue)
- Uniformity of quotes in regards to specifications, number and type of units involved, and type of services required would be helpful
- Must haves to include – secure WIFI for each unit, phone with 911 capabilities, no ability for rental guest to charge to the account, free long distance to include Canada, Robust WIFI capability to allow the massive streaming we anticipate will be the norm in the near future.

We are currently pursuing several pathways to bulk services:

1. Hire a Broker to make the deal and oversee the project for a fee.
2. Make our own deal and hire someone to run the project for us.
3. Go direct - Make our own deal and we handle the project.

Joe also wanted to remind everyone that Brokers are familiar with the industry. Contracts are usually approximately 5 years. Cost would be around \$70 plus tax total, which is much less than the average owners are paying today (about \$120 plus tax). Any installation costs can be rolled into the deal.

NEW BUSINESS

Boat Slip Association – It is required that two members of the Condo Association Board serve on the Boat Slip Association as well. Each year two members must be formally appointed to serve on that Board. Kim made a motion to appoint Bruce Bornick and Denise Reilly to serve in 2017 on the Boat Slip Board. Joe seconded the Motion, a vote was taken with all in favor.

Bruce made a motion to adjourn the meeting, Kim seconded the motion, and all agreed to adjourn at 6:30 PM.

Barefoot Beach Resort Treasurer's Report December, 2016

Summary of Operating and Reserve Account Balances

Month	December (preliminary)	November	October
Operating Cash	(33,559.04)	(16,073.12)	(42,604.52)
Operating Funds Balance	74,459.20	100,410.62	161,095.22
Prepaid Owner Maintenance Fees	21,408.68	(1,224.13)	30,425.13
Reserve Funds Balance:	675,368.70	673,906.66	669,773.16
Unallocated Interest in Reserves	15,333.37	15,673.26	11,539.76
Month Net Income / (Loss)	12,397.57	44,487.31	2,522.91
YTD Net Income (Loss)	17,330.08	51,606.71	7,119.40
Prior Year Funds	95,053.89	96,978.34	99,220.89
Delinquency Report Owed* Total	11,999.33	12,409.59	10,545.08
Delinquency Report Owed* >120 days	5,964.30	4,986.96	4,974.12

* Delinquency Report is net of owner maintenance fees owed less any rental income. It does not reflect additional legal fees owner may owe.

Month	September	August	July
Line of Credit Outstanding	0	0	0
Other Loans <i>(no other loans at this time)</i>	0	0	0

Monthly Financial Statements

1. Several adjustment over past few months to align insurance accounts per borrowing causing fluctuation in balances in this account. See YTD comments below.

YTD Financial Statements

1. Operating cash at end of year includes \$50,000 due to reserves for insurance - will repay in 1Q, 2017. \$50,000 applied in January leaving \$25,000. Per our auditor - *Since the association intends to pay back the reserve from the operating, the amount not paid at the end of the year 2016, will be showing in the books as receivable and payable (due from operating – on the reserve accounts, and due to reserve – on the operating accounts). There will be no implications as long as the association can document the compliance, formalizes the intent of the board, notifies the members of their obligation to repay the funds borrowed, and budget for the repayment in 2017.*
2. Insurance account expenses for year in excess of premium and under investigation. In reviewing 2015 end of year Insurance account balance, it also appears overstated. Will request auditor involvement once we validate/correct 2016 account balance. Did learn that in addition to insurance premium, appraisals for insurance are also included in this account (note to include in 2018 budget.)
3. End of year financials positive, showing \$17,338.08, underrun for the year may increase due to number #2
4. Reserve bank accounts balances in agreement with reserve financial account balances.

5. Operating bank accounts balances validation with operating financial accounts balances pending.

Discussion

Discuss and approve plan for outstanding reserve balance from insurance borrowing.

1. Document in January meeting minutes that we are in compliance in the meeting minutes with payback process.
2. Approve a motion formalizing the intent of the board at January meeting to pay back outstanding balance to reserves which as of 2/16/2017 is \$25,000 of the original \$150,000.
3. Arrange to notify members of obligation to repay the funds borrowed.
4. Budget for the repayment - included in 2017 financial pan