

U N A P P R O V E D M I N U T E S

BURNT STORE LAKES PROPERTY OWNERS ASSOCIATION, INC.

100 MADRID BLVD., UNIT #212
PUNTA GORDA, FL 33950-8928

ANNUAL MEETING SATURDAY, OCTOBER 23, 2010

Held at the Burnt Store Presbyterian Church, 11330 Burnt Store Rd, Punta Gorda, FL 33955

President Rob Hancik called the meeting to order at 9:30 a.m. The following Board members were present: Rob Hancik, President; Fred Boland, Vice President; Bob Reichert, Interim Treasurer; Bob Lilley and Gordon Quick, Directors-at-Large. Marion Jinkens, Director at Large was absent. Jim Thiel, Treasurer resigned 9/14/10 and replaced through the election today. Sandy Funk, Secretary, (non-board member) was also present, as well as Celeste Midolo, Administrative Assistant.

Calling of the Roll and Certifying Proxies

The President asked the Secretary if there was a quorum. Sandy Funk responded that the roll was taken either through owner's statements mailed back to the Association or by member registration prior to the meeting. Each Owner's Statement was validated. The Limited Proxies were certified, and where so indicated, were assigned to the appropriate representative.

Proof of Notice or Waiver of Notice

The President stated that an Affidavit of Mailing showing that a copy of the Notice of Annual Meeting was mailed on September 14, 2010, to each of the Burnt Store Lakes property owners of record, and directed the Secretary to attach this as part of the Minutes of the Annual Meeting.

Reading and Disposal of Unapproved Minutes

A copy of the Association's October 17, 2009 Annual Meeting minutes were mailed to all property owners of record, and also made available at the registration table. The President asked if there were any additions or corrections to the minutes. There being none, Jim Brown moved to approve the October 17, 2009 Annual Meeting Minutes as written. Charles Burgese seconded the motion. ***The motion was unanimously approved.***

Change in Agenda Order

President Rob Hancik stated that due to a change effective July 1, 2010, in the Florida Statute governing homeowners and property owners associations, the ballots sent into our accounting firm (Webb-Lorah) prior to this meeting could not be opened and counted. All ballots must be opened and counted at the Annual Meeting along with those ballots cast in person today. Therefore, in order to allow sufficient time for tabulating the count, the Election of Inspectors of Election and Election of Directors under the heading of New Business has been moved up on the Agenda. Other New Business will be held after the Directors' Reports.

Rob continued by stating that in order to streamline the voting process, we have also moved forward on the Agenda the presentation of the 2009-2010 fiscal year end financial report by

Geoff Lorah of Webb-Lorah, our accountants, as well as voting on the proposed 2010-2011 proposed budget, roll over, and waiver of audit.

New Business

Election of Inspectors of the Election

President Rob Hancik informed the membership that the accounting firm of Webb-Lorah & Co. assisted with the validation of the Owners' Statements and the certification and tabulation of the Limited Proxies. President Hancik stated that two employees, Sharon Pisano and Penny O'Donnell were present to act as Inspectors of the Election. Peg Varga moved to nominate Sharon Pisano and Penny O'Donnell as Inspectors of the Election. Fred Alvarez seconded the motion. ***The motion passed unanimously in favor of the nominations.***

Financial Report

President Rob Hancik introduced Geoffrey Lorah of the accounting firm Webb-Lorah & Company to provide an overview of the financial report of the fiscal year October 1, 2009 through September 30, 2010. Rob stated that Geoff and his dedicated staff have worked with our Treasurer, as well as the Office Staff in providing us with the best possible financial services available.

Geoff stated that a draft of the Statements of Revenues and Expenditures for this last fiscal year was available as a handout. He clarified that the word "draft" on the Statements means there are two possible adjustments that have not yet been made: (1) corporate income tax that the Association may owe on its interest income that it earned during the year; and (2) until the membership decides on an audit or a review, the statements are always presented in a "draft" form until we have that final auditor or independent accountant voting result. He reported that the financial statements are prepared on the accrual basis of accounting. In looking at the Revenue section he stated that assessment revenue that has been budgeted is what is recognized for financial purposes. There is no variance in that particular line item; however the actual collections were about \$10,000 less than what was budgeted during 2009-2010. The interest income from bank line items shows that we did not earn as much as had been budgeted due to the low interest rates have remained. Interest income from past due assessments had decreased due to the increase in assessments receivable causing that line item to be considerably higher than what was budgeted. The other line items are necessarily budgeted for because it is difficult to determine how much will be collected from liens that have been filed. In summarizing the Revenue section of the Statement, Geoff stated that primarily because of the interest income charged to delinquent members actual revenues did exceed budget by a small amount; however that is not necessarily the case with collections.

In looking at the Expenses, note that on most of the line items had less expenditures than were budgeted. This was by a conscience effort of the Board and Management realizing that dollars coming in were not as great as hoped. Another way to look at the expenditures is that about 55% of the budget for services is subject to contracts or agreements, i.e., accounting services, maintenance expenditures, insurance premiums, totaling to about \$331,000 of the \$601,000 in expenditures. He reported that \$78,547 is the management staff and related costs, professional services which are primarily legal at 66,211, and bad debt at \$18,762.

Geoff discussed the bad debt situation. He reported that historically, the assessments receivables on 9/30/2007 were \$27,158. We have learned that the economic environment was

somewhat artificial. Fortunately, through a lot of properties changing hands, if there was a balance due, the Association received that amount as part of the closing transaction. If we see the economic situation worsen, we will see the accounts receivables grow. As of 9/30/08, this amount was \$59,544; at the end of 9/30/09, it was \$67,091. He further stated that those members who are only one year behind in paying their assessments are the most likely to pay what is owed through the collections effort. As of 9/30/10, the accounts receivable was at \$108,291, and stating part of the reason this grows is because interest is added to the account as well as legal fees. Geoff stated that receivables are a critical issue for the Board and Management to control and address.

As for the increased legal fees, Geoff stated that we are no different than any of the other Associations that Webb Lorah services. However, the way the Florida Statutes are written and the way the legal system works in validating the Association's claim on a receivable balance, legal services are a very important part of that process, and hopefully the Association will recover some of money that is expended to the attorney because it is added into a delinquent member's account. With foreclosures and bankruptcies the chance of receiving all of it are diminished.

Geoff moved onto the Reserve section of the financial report, stating \$72,742 was budgeted to go into the Association's Reserves. There is a presumption that even if you are collecting less than the full amount that is billed or assessed, Reserves are fully funded based on what is budgeted rather than on what is collected. He pointed out the various line items which include drainage, park improvements, lake aeration, long range, and engineering as well as infrastructure improvement (which is the largest portion of the Reserve Budget). Most of the infrastructure budget was expended on the new restroom facility. An additional important item Geoff covered since the members will be voting of the carryover of funds is the net carryover for operations. There was a carryover from last year which allowed the Association to "break even" because we were using last year's money to help with operations since not all the assessment monies budgeted were collected this year.

Overall, Geoff stated the Association remains strong with about \$223,000 in Reserves that is still on hand at the end of 9/30/10, which is slightly more than expected; however there are only a few thousand dollars remaining for carryover on the operating side. Therefore, it will be important for receive new assessment monies for the ongoing operations of the Association.

Geoff asked if there were any questions. Bill Welsch asked a question regarding the \$108,000 on the accounts receivable report and how we can expect to receive these monies. Geoff responded by saying this information will be on the Association's balance sheet which was not provided; however, that will be in the final financial statement that comes from the independent CPA's. The two large categories on there are the Association's cash (around \$230,000 in round numbers) and the assessments receivable. Bill also asked about the allowance for uncollectibles. Geoff stated this is more or less a mathematical exercise. As Geoff stated previously, when members are more than one year delinquent, the percent of expected collections decreases. So traditionally, if a member is only one year delinquent about 75% of those members will pay. As the age of a receivable increases, the chance of collection decreases, i.e., 2 years 50% and 3 years and beyond there is a 75% chance of not collecting. The other factor is whether a foreclosure or bankruptcy has taken place where the chance of collection is much less. Rob interjected by stating that during his State of the Association presentation he will show a detailed chart of the numbers past due and for how long as well as the process the Association goes through to collect back assessments. Beverly Mezger had a question regarding selling foreclosed or bankruptcy properties in that realtors/closers call for balances due and if liens are filed. Rob reinforced the lien process and that since the

foreclosure/bankruptcy process is lengthy, it may take a while to receive owed monies. Frank Bishop asked if we knew how many properties were delinquent and do these property owners have the right to vote on any matters coming before the Association, i.e., including voting for directors, budget, etc. Sandy Funk responded by stating in accordance with our By Laws, we cannot prohibit anyone from voting—everyone is equal whether they are in good standing or not. Another property owner asked about the importance of timely filing of liens. Geoff responded by stating the Association is prudent in sending out the initial assessment billing as soon as possible after voting on the budget at the Annual meeting (by the end of October). Then for those who have not paid by the end of December a second notice is sent around mid-January. This notice is sent out certified return receipt requested in accordance with Florida Statute and that on that a statement is placed on this notice that if the monies are not paid by the end of 45 days a lien will be filed, after which the Association's attorney sends a lien letter giving them another small window to pay, and if they don't their property will be liened. Since this is a Florida Statute whereas an attorney must file the lien (and verify that the claim is legally valid), it has put an additional financial burden onto the Association. Geoff further stated that when a bank takes possession of a property through the foreclosure process, they are only legally obligated to pay the last year's assessment. With bankruptcies, the monies owed are usually erased after this process is completed. However, the Association does not release the lien until all monies on the account are paid in full. Bev Mezger asked what interest rate is applied to delinquent accounts. Geoff responded by stating it is 18% (allowed by law) per annum (or 1.5% monthly). Her second question related to changing the By Laws to prohibit delinquent members from voting and attending meetings. Sandy clarified the procedure by saying when you vote for directors, the budget, carryover of funds, and waiver of audit, the By Laws state you only need 51% of those voting in person or by proxy. However, in order to change or amend your Deed Restrictions and By Laws, the By Laws specifically state that you must have 2/3's of the entire membership voting "yes". This equates to a mandatory 1364 "yes" votes at a special meeting of the membership for this purpose. Anyone who does not vote is considered a "no" vote. Therefore, you can see how difficult it is to make any amendments or changes to either the Deed Restrictions or By Laws. It was also asked what percentages of property owners do not pay their assessments. Another question regarding liens was raised. Geoff responded by stating there are special provisions in relationship to the real estate ownership rights of individuals, so the Association can place a lien, and the Association can actually initiate and foreclosure on properties. However, there may be a case where it is a home with other debt attached—making it too expensive for the Association to foreclose and assume this debt, i.e., mortgage. The Association is also not in the real estate business—once the Association acquires a property through foreclosure, they are now responsible for paying taxes and loss of assessments until it is sold. Sandy also informed the membership that we recently obtained a lot thru "deed in lieu of foreclosure". It was feasible for the Association to take this lot without any debt attached other than the Association's-- and resell it for back assessments and recouping our legal fees. There being no further questions, Rob Hancik thanked Geoff for his review of the 2009-2010 financial statements.

Consideration of the Budget and Carryover Funds

Before continuing on to Bob Reichert's Consideration of the 2010-2011 fiscal year budget, Rob stated that the annual assessment remains at \$275.00. This budget also reflects approximately \$75,000 decrease from the last year. A copy of the budget and cover letter by Jim Thiel (prior Treasurer), was mailed to all property owners of record with the Notice of Annual Meeting on September 14, 2010. Copies were made available at the registration tables. Rob stated that the Board has endorsed the proposed Budget and Carryover of Funds to the next fiscal year.

Bob Reichert, our interim Treasurer, will present the Budget with the Assistance of Geoff Lorah to help with our discussion and answer any questions.

Bob stated that the proposed budget for 2010-2011 is \$750,945 which represents a \$74,324 decrease from last year's budget in order to keep the annual assessment at \$275.00. This took a lot of work by the Board and office staff—recognizing the current economic situation. Without reviewing all of the line items, he noted that the Operating portion of the budget is \$532,945 which is a \$16,325 reduction from last year. The Reserve portion of the budget is \$218,000 which represents a \$58,000 reduction. Bob continued by stating that there is a carryover of \$171,208 from last year with an anticipated interest and other income in the amount of \$12,962. The total supplemental dollars to assist in funding the budget is anticipated at \$184,170, which leaves \$566,775 to be funded by the assessment in the amount of \$275.00. Bob asked if there were any questions.

Richard Small asked why we have \$90,000 in the Reserves for disaster recovery. Bob explained it is there in case we experience a disaster situation, i.e, hurricane. He asked why this isn't an insurable risk vs. capital cash reserves. Bob stated this is not an insurable risk. Sandy explained the history behind reserving for this type of recovery. Hurricane Charley occurred prior to sending out the Annual Meeting materials (budget) to the membership for approval. The budget was reworked to include funds for cleanup (increase in dues) prior to mailing. If the hurricane occurred after the mailing (early September), there would have been no funds for cleanup. The assessment prior to the hurricane was \$105/year with anticipated \$5 increase to \$110. In order to fund the anticipated \$100,000 clean up and additional \$50 was added to cover the cost (\$160/year). It was then decided by the Board to begin funding for disaster recovery over a period of years with the intent of capping it off at \$100,000. However, it was capped at the \$90,000. It was explained to Mr. Small that this is not a new assessment, but rolled over every year. He asked if any of the cleanup efforts were insurable. The response was no—only the pavilion in the Park which did not sustain any damage. All damage was contained to greenbelt cleanup which is not insurable.

Martha Ralston questioned the increase each year of the assessment since she built her home in 2002 when the assessment was \$105. She asked if it would ever be reduced to \$250.00. Bob responded by stating that due to inflation, cost of doing business, contractual obligations, etc., will not allow us to go back to \$250.00. Bob and Rob also stated that the actual cost to fund this budget is \$364.36; however, we are using the rollover reserves and interest income to subsidize each property owner in the amount of \$89.36 which keeps the assessment at \$275. Rob reported that next year we may not have enough reserves to offset the \$89.36. Rob continued the discussion by stating we may be looking at an increase next year, extreme cuts in expenditures where services would be reduced, i.e., lake maintenance, no capital improvements, etc. Martha stated cuts could be made with office staff and rent. Rob explained the amount of work performed by office staff that could not be accomplished with volunteers. Bob pointed out that office staff recovered almost \$44,000 in past due assessments last year. He also gave statistics on the number of homes in the lake and how difficult it is to obtain volunteers to run for the Board and serve on committees.

Beverly Mezger asked if we could add a column to the budget page showing what each line item was the previous year. Sandy stated that this is done on working copies for the Board, but could be done for the membership as well. It was also noted that the contractual bids came in less this year. Rob noted that at least three bids are solicited for each of the contracts. The question of utilizing volunteers to trim and cleanup lots to facilitate safer mowing conditions for the contractor was mentioned. Bob Lilley outlined his program for this coming year to undertake

lot clean up. Bob Reichert stated that to do this with volunteers is an insurance risk. The program will entail evaluation of what is needed to clean up a lot, prices obtained from contractor, coordinate work with the property owner who will be financially responsible.

There being no further questions, President Hancik called for a motion to adopt the Proposed 2010-2011 Budget and Carryover of Funds for the fiscal year October 1, 2010 through September 30, 2011. Beverly Mezger moved that the Proposed Budget and Carryover for the fiscal year 2010-2011 be accepted as presented. Frank Bishop seconded the motion. Each designated voting member or owner's representative who did not vote by limited proxy was given a ballot when he registered—or has assigned his vote to another member. The Inspectors of Election collected the ballots for tabulation and voting was closed. President Hancik moved to the next item on the Agenda.

Consideration of Waiver of Audit

President Hancik explained that Florida State Statute provides guidelines for financial reporting requirements for Associations whose budget is in excess of \$400,000. An "audit" vs. a "financial review" of our year-end financial statements, is part of said requirements since our budget is in excess of \$400,000. However, in accordance with Florida State Statute, an audit may be waived and a financial review be performed if the majority of those members voting agree.

The Board of Directors has endorsed the waiving of an audit and that a review be performed. An independent firm—other than our Accountants, Webb Lorah & Co., conducts this review. Rob Hancik stated that an audit is more detailed and is performed at a cost of between \$4,000 and \$6,000, whereas the cost of a review is \$1,500.

President Hancik entertained a motion for a waiver of audit. Jim Brown moved that an audit be waived in favor of a review for the 2009-2010 fiscal year financial statements with Warren Mezger seconding the motion. Each designated voting member or owner's representative who did not vote by limited proxy was given a ballot when he registered—or has assigned his vote to another member. The Inspectors of Election collected the ballots for tabulation and voting was closed. President Hancik moved to the next item on the Agenda.

Election of the Board of Directors

President Rob Hancik indicated the next Agenda item is to elect four (4) new Directors. The Nominating Committee has proposed slate of four (4) candidates. Rob thanked the committee members for their efforts as follows: Jim Thiel, Jim Brown, Joyce Punt, Lauren Catalano, and Terry Tattar. The resumes of the four (4) candidates were mailed to property owners with the Annual Meeting documents, and copies were made available at the registration tables. President Hancik announced that the nominees were as follows: Fred Boland, Stan Hochstadt, Robert Lilley, and Aimee Schneider. Kay Chesney motioned to nominate the Slate of Directors designated by the Nominating Committee to serve 2-year terms, which may be followed by a second 2-year term, until their successors are elected and shall qualify. Lynn Theisen seconded the motion. President Hancik asked if there were any other nominations. There being none, the nominations were closed. ***The motion passed unanimously in favor of the slate of candidates.***

President Hancik noted that the four (4) candidates having the greatest number of votes would serve as Directors for a 2-year term. He explained that each designated voting member or Owner's Representative who did not vote by Limited Proxy was given a ballot at registration.

Ballots were completed and provided to the Inspectors of the Election for tabulation and voting was closed. While the Inspectors of the Election tabulated the votes, President Hancik moved to the next item on the Agenda.

Reports of Officers, Directors of Committees

President Rob Hancik made a few remarks about the State of the Association. Rob referred to the chart of delinquent assessments projected on the screen which shows the number of property owners who are one year past due, on time payment plans, are two, three and four years past due. This totals \$77,075 (assessments only). The interest, lien fees, mowing, certified mail and maintenance fees are \$28,308 which totals \$105,383 accounts receivable. Rob stated that the other paying property owners have to make up this difference in order to balance the budget. After 3 years past due, the Association may start the foreclosure process. Rob noted that those properties with homes that are in foreclosure and need mowing, the Association is maintaining and adding the cost onto the accounts. Rob reviewed the Bank Mortgaged Bankruptcies and Foreclosures for fiscal year 2009-2010 compared to the prior fiscal year (2008-2009) as follows: There were a total of 66 broken down as 41 residences this year (51 last year); undeveloped lots at 21 compared to 30 last year; and 4 tracts (none last year). The past due assessments totaled \$63,000 of which \$19,000 have been collected—leaving a balance outstanding in the amount of \$44,000.

Rob then spoke about the MSBU (Municipal Services Benefit Unit) for South Burnt Store Storm & Drainage Maintenance which is funded through your non ad valorem taxes. He noted that the Board asked the County to separate out Pirate Harbor and the Woodlands so that Burnt Store Lakes stands alone. This was approved. We also have Board and community members that serve on the MSBU Advisory Board which gave us the opportunity to look at the financial reports. Rob explained that in the fiscal year 2008-2009, \$186.46 was the tax figure for each single family lot/residents (multi-family lots were charged accordingly). In fiscal year 2009-2010, this figure dropped to \$52.83. In 2008-2009 the higher figure was to finish paying for our road repaving, sidewalks, roundabouts and revamping the front entrance. The Advisory Board discovered that the 10 year payback to the County was actually fulfilled at the end of 5 years—therefore a reduction to \$12.83 vs. \$186.46. However, there was concerned about the need for funding future repaving (i.e., 10 years from now) and the County agreed to include an additional \$50.00 towards this purpose totaling \$52.83. The MSBU funds were utilized at the front entrance for the Center Island, irrigation and street lighting. There is funding available in the MSBU to continue decorative lighting at Saragossa, Peppercorn, Vincent Entrance, Cabana, and Rio Togas without spending the MSBU funds down. Rob reminded the membership that these improvements did not come out of the annual \$275 assessment. A property owner asked if there would be a turn off lane installed at Saragossa. Sandy stated that due to the widening of Burnt Store Road project, this will have to be determined by the County and engineers. Our entrance into the Park is also in question. Another owner would like to see FPL install a street light at Vincent and Burnt Store Road. Frank Bishop noted that the County would like to reduce by eliminating all the MSBU's with the exception of about 2-3 countywide. He warned of the negative effect that would have on not only Burnt Store Lakes, but many other communities. Another property owner asked if MSBU funds could be utilized to install a sidewalk along the Charlotte County side of Vincent Avenue. Rob responded stating that the Advisory Board has talked about continuing a phased program to install additional sidewalks to eventually connect the major part of the community. However, he suggested approaching the County one project at a time.

Rob then discussed Community Standards. He stated that the Board is trying to keep on top of mowing foreclosed properties as well as the normal correction of other violations throughout the community. He further explained that in accordance with Florida Statute effective 7/1/10, homeowner associations are permitted to levy a fine against a homeowner for violations of the Declarations. The Board adopted a policy reflecting the process on 7/13/10 to become effective on 10/1/10. A letter explaining the fines for specific violations and the process was sent to everyone in the Annual Meeting packet. Charley Davenport asked if the Board approved a deviation from the 3-foot height limitation on a property at Vincent and Cape Horn. Sandy explained that the property owner submitted his request to the Architectural Review Committee and after careful review recommended the Board approve the request. The property owner presented his reasons before the Board after which the Board approved the variance to 4 feet. Additional discussion from property owners ensued regarding variances and fines. It was explained that a property owner may apply for a fence height variance and the Board may or may not grant approval; however, if someone would erect a fence without Board approval, a fine could be imposed. In some cases removal of existing fences over 4-feet has been requested at the time the house is sold and the new owners would have to re-apply for a fence.

Architecture Review Committee (ARC): Fred Boland is the Board liaison for this committee. Fred recognized the Committee Chair, Katie Mazzi, along with four other members Bill Fruit, Sean Howard, Joyce Punt and Peg Varga. Fred explained that the ARC reviews construction plans, landscaping plans, and/or color schemes through an application process. The details are examined per the Deed Restrictions and Policies as well as Charlotte County requirements. The Board reviews ARC's recommendation and makes a final decision. Correspondence with approval or denial is provided to the property owner via office staff. A property owner asked if there were any homes under construction at the present time. Fred stated there is one approved on Isaac Lane and another on San Ciprian Road. Before turning over the floor to Gordon Quick, he reminded the membership that we are still looking for someone to head up the Neighborhood Watch.

Beautification & Enhancement Committee: Gordon Quick that he and Marion Jinkens are both Board liaisons for this committee. He reported and applauded Bob Carlson, the chairperson, Jinx Carlson, Tom and Kay Chesney, Bill Story, Don and Karen Adder, and Secretary Judy Martens. Gordy stated that the Committee spearheaded the design and installation of the new signage at several of the entrances which enhances the security of the community. The Committee also is in charge of the seasonal plantings. Shortly they will begin decorating with the plantings and lights for the upcoming holidays. He also outlined a Master Plan for the Park, showing a proposed stabilized parking area, proposed shell driveway and walkway, proposed restrooms and storage, additional walkways, as well as a proposed playground and equipment. Gordy also explained the various slides shown depicting the progress of the front entrance revamping project along with installation of the new entrance sign. He also thanked Bob Reichert for his major part in the installation of the new flagpole at the front entrance. A property owner asked if there were plans for a dog park. This item will be discussed by Bob Reichert during his Long Range Planning presentation. Another member asked if there is a problem getting water into the Park (for the restroom). It was explained that the water and sewer piping has been installed by DM Construction. The hookup will be completed once the construction of the building is finished with the necessary electric to run the lift station, etc. It was also explained that there are problems with water at the front entrance for irrigation in that the County mandated installation of reclaimed water lines. There is insufficient pressure from these lines to lift the sprinkler heads. The County has been asked to install a well as was originally requested by the Association. It was also asked when the Master Plan would be completed. Rob responded hopefully by next year. Sandy explained some permitting

problems with the County for storm water. In addition, she explained an additional problem with Southwest Florida Water Management District (SWFWMD) regarding the shell road into the Park. SWFWMS District is mandating we apply for and obtain a storm water permit which will incur additional engineering and construction costs to the Association.

Mechanical & Maintenance: Bob Lilley stated that the task of Mechanical & Maintenance is mainly to keep the drainage throughout the subdivision clear and keep greenbelts, vacant lots, and right of ways mowed. He reported that we awarded the two-year contracts for the mowing at the entrances, sidewalks, and right of ways as well as the general mowing of vacant lots, greenbelts and right of ways not covered in the entrance mowing contract. He expressed concern about the general mower cutting when the swales are too wet which will create additional expense to repair. This problem has been addressed with the contractor; therefore you may see some swales that were not mowed for this reason. The maintenance program of some of the vacant lots was discussed earlier in the meeting. Another are Bob wants to address is road edging but may be deferred due to budget constraints.

Lakes Water Quality: Bob Lilley thanked Paul Garrett for allowing us to use his beautiful wildlife pictures in today's slide presentation. Bob is continuing and enhancing the lakes water quality program that was started by Scottie Pitser (prior Board member). He reported that our water quality and oxygen levels are now very good. If funding is in place, he plans on increasing the aeration in all of the lakes. With the existing aeration, the lakes are 'turned over' a little more than once/day; however, he would like to double the oxygenation in the water. Aquatic Systems is doing a good job with our weed and algae control. With the assistance of Paul Garrett, a plan was developed to cut about a third of the vegetation from the large island in Ibis Lake—keeping within the migratory and nesting bird laws. It is also planned to treat the soil and replant with some native species and littorals. Phase II will be to continue the program next budget year. The smaller island will be cleared of Brazilian pepper trees by the volunteer removal team. Bob addressed the benefits of planting littorals suppressing the misnomer that they are a breeding ground for mosquitoes. He also explained that the midges also do not lay eggs in the littorals but on the water that sink to the bottom where the larvae feeds and then emerge as adults. The littorals harbor small fish that eat the bugs. Last year funds ran out to continue the previously established midge treatments. There is also limited funding in this new budget for treatments. However, we have contracted with a new company (Clarke) who has different methods by treating the grasses, bushes, etc., as well as the water where they breed. Bob stated that we will never defeat the 'midge' and will therefore have to plan on budgeting for treatments each year. Since the cormorants are a major problem at Ibis Lake, a property owner asked if we were permitted to control the population by other means. Bob stated that we cannot in this area to the best of his knowledge. Lynn Theisen offered what was done historically on Ibis Lake and the effects she has seen over the years since the islands and bird populations have not been addressed. Bob explained that what you may have been able to do 5 or 10 years ago may not be allowed today.

Communications: In Marion Jinkens absence, Sandy reported on her area of responsibility. The Resident Directory is published by PCI Communications at no cost to the Association. However, effective 7/1/10, in accordance with Florida State Statute we are now prohibited from publishing or providing telephone numbers or email addresses. We must obtain written permission from those who wish this information published. A form was provided for this purpose in the Annual Meeting packet. It is hoped that the directory may be published in the Spring or Summer of 2011. Sandy reported that the Newsletter was published quarterly, but due to increased cost, this was cut to printing in November and May, and last fiscal year again reduced to only once a year in May at a cost of \$1,500. It was determined to be insufficient;

therefore, funds were included in the new budget to allow publishing twice a year (November and May). Last May we instituted an advertising program to assist in offsetting printing costs. Since the Newsletter is posted on our website, the Board was approached to eliminate mailing and only post on the website. The Board's position was to continue printing for the benefit of those who do not have access to the Internet. Continuing onto the CIN messages (Communication Information Network), Sandy stated there are three classifications of CIN messages—Safety and Security Alerts, General Information of benefit to the property owners, and Grapevine messages to provide information about events and activities. Sandy pointed out that Sunny Martinek is to be given a lot of credit for establishing the first email communications system in the Lakes. The Associations website was completely revamped about two years ago and we still consider this a work in progress. We are continuing to address the timeliness of getting information posted (meeting agendas, Board minutes, etc.).

Long Range Planning: Bob Reichert reported that the new flagpole installation mentioned earlier was an effort of several property owners. Another project of the Committee was providing playground equipment in the Park. The equipment has been delivered and we are awaiting SWFWMD permitting, after which about 10 people have volunteered to assemble and erect the equipment. It should be completed in about 3-4 months. The Committee has looked into providing a dog park, a bocce court, and expansion of the sidewalk along Rio Togas to the Park as well as other areas. He reported that several Committee members are investigating the cost of installing a dog park. Their findings in comparing other municipal dog parks the cost could run between \$50,000 and \$250,000. This project was put on hold. One reason is the uncertainty of our current access to the Park due to Burnt Store Road widening. This is being taken into account when planning for future pedestrian access as well as vehicles, bicycles, etc. The Committee feels the Park will become the nucleus of the community. We are currently working on a Master Plan to incorporate future expansion of this facility over the next 5, 10 or more years. Bill Lounsbury asked Bob to report on the canoe/kayak launch. Bob stated that he asked the Board to consider the development of a canoe/kayak launch site off Acapulco Road greenbelt into Bear Branch Creek. The Board passed a resolution to undertake preliminary engineering work. Permits will be required from FDEP, SWFWMD, and wetland mitigation approval. This portion of the project should take between 120-180 days. This first phase of the project is budgeted in the capital reserves and should cost about \$30,000 or less. Once this work is completed, the Board will solicit bids to do the actual construction. A study must be done for installation of an actual boat ramp (to accommodate a maximum of 22-foot boat). This is part of a long range plan. Bill Lounsbury further commented that according to surveys conducted in the past, there was little interest in a 'boat ramp' and felt that there were other more important projects to be considered by the Board. Bob stated that funding for this project has been in the reserve budget for a few years and is not a new item in this year's budget. He further reported there are currently at least 30-40 kayakers and if a launch were provided, we would see more interest in kayaking.

President Hancik thanked all the committees for their volunteerism and hard work—including Dale DeKracker and his Brazilian pepper tree removal team.

Old Business and Additional New Business

President Hancik asked if there was any old business or additional new business to come before our Annual Meeting. Hearing none, he moved on to the next item on to Announcements.

Announcements

Karen Bishop, chairperson of the Annual Christmas Dinner Dance, announced that the event will be held on Saturday, December 4th, at Portobello's in the Burnt Store Marina. Invitations are available in the back of the room and those not picked up today will be mailed.

Rob emphasized the importance of property owners utilizing the use of the "yellow stickers" for their vehicles. He also announced that we are still looking for a chairperson of the Safety and Preparedness Committee which includes the Neighborhood Watch. Fred Boland stated that due to legal ramifications, he no longer spearhead the Neighborhood Watch. He was holding meetings in the Park the first Tuesday of each month.

Results of the Election of Directors and Approval of the Approved Budget

The Inspectors of the Election indicated that the results were tabulated and President Rob Hancik requested the following elected Directors take a seat at the Director's table: Amy Schneider and Stan Hochstadt. Rob Hancik congratulated the newly elected Directors and welcomed them to a 2-year term. President Rob Hancik further announced that the Proposed Budget and Carryover for fiscal year 2010-2011 was approved as presented, and the Waiver of Audit in favor of a Review for the 2009-2010 fiscal year financial statements was also approved.

Number of Units Eligible to Vote:	2061
Number of Units in Attendance	86
Number of Units Voting by Proxy	345
Number of Units Attending but Voted by Proxy:	<u>32</u>
Total Voting:	399

Director Election Results

<u>Name</u>	<u>Votes</u>	<u>Elected</u>
Fred Boland	395	Yes
Stan Hochstadt	395	Yes
Robert Lilley	396	Yes
Aimee Schneider	386	Yes
Write-Ins	7	-

Proposed Budget and Carryover Results

	<u>Yes</u>	<u>No</u>
2010-2011 Budget Approved:	387	13
Carryover of Funds Approved:	393	7

Waiver of Audit Results

	<u>Yes</u>	<u>No</u>
Waiver of Audit in favor of a Review:	353	45

Rob noted to the membership in attendance the out of the 2061 property owners eligible to vote, only 399 voted. There were 86 in attendance today. Rob thanked Peg Varga for all the years she served on the Board and on the Architectural Review Committee. He also thanked Jim Thiel and Marion Jinkens for their service on the Board.

President Rob Hancik thanked everyone for attending the Annual Meeting and extended an invitation to join us at the Annual Meeting Picnic in the Park. He then requested a motion to adjourn the meeting. Dick Kopsack moved to adjourn the meeting at 12:00 p.m. and was seconded by Warren Mezger. ***The motion passed unanimously.***

Respectively Submitted,

Sandy Funk, Secretary
To the Board of Directors

March 20, 2011