

UNAPPROVED MINUTES

BURNT STORE LAKES PROPERTY OWNERS ASSOCIATION, INC.
100 MADRID BLVD., UNIT #212
PUNTA GORDA, FL 33950-8928

ANNUAL MEETING SATURDAY, OCTOBER 15, 2011

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, Treasurer; Bob Lilley, Aimee Schneider, Stan Hochstadt and Gordon Quick, Directors-at-Large. Sandy Funk, Secretary, (non-board member) and Community Association Manager 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 there is a quorum and that the roll was taken either through owner's statements mailed back to the Association or by members registered prior to the meeting. Each Owner's Statement has been validated. The Limited Proxies have been certified, and where so indicated, have been assigned to the appointed 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 13, 2011, 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 23, 2010 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, Ron Norsell moved to approve the October 23, 2010 Annual Meeting Minutes as written. Another property owner seconded the motion. ***The motion was unanimously approved.***

Election of Inspectors of the Election

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 will be conducted now in order to streamline the voting process.

President Rob Hancik informed the membership that the accounting firm of Webb-Lorah & Co. conducted 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. Mike Wiesenthal moved to nominate Sharon Pisano and Penny O'Donnell as Inspectors of the Election. Rick Mathis seconded the motion. ***The motion passed unanimously in favor of the nominations.***

Election of the Board of Directors

President Rob Hancik indicated the next Agenda item is to elect three (3) new Directors. The Nominating Committee has proposed slate of seven (7) candidates. Rob thanked the committee members for their efforts as follows: Charles Burgese (Chairperson), Karen Bishop, Jim Brown, Joyce Punt, and Rick Mathis. The resumes of the seven (7) 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: Robert (Bob) Beahn, Janet Goin, Robert (Rob) Hancik, Catherine (Chari) Hopkins, Gordon (Gordy) Quick, Robert (Bob) Reichert, and Michael (Mike) Wiesenthal. It was motioned and seconded by two property owners 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. 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 three (3) 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 yellow 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

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, 2010 through September 30, 2011. 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 (10/1/2010 through 9/30/2011) 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. For analytical purposes, there are two benchmarks that are used—one is comparing actual results to budget, in that the report shows the actual for the month ended September 30, 2011, the actual for 12 months ended September 30, 2011, the total budgeted amount, and lastly the variance of over or under budget. In order to save time, Geoff did not review each line item, but would answer specific questions on the variances if requested. The other benchmark in analyzing financial results for this year vs. comparable periods since the past two fiscal years the assessment stayed the same (\$275/year). The total revenue of \$600,567 is only \$656 less than the prior year which is very comparable when you look at the total revenue the Association raised between those periods.

Geoff further stated that Office and Administration expenses represents 24.2% of the Association's 2010-2011 budget compared to 22.1% in 2009-2010. Most of the line items are fairly close to budget. He explained that the two items bracketed are Administrative Credits and Transfer Fees. These are services that the office staff provides, i.e., estoppel fees with real estate transfers, etc. These items are difficult to budget and income has dropped due to the slowdown of real estate sales, fewer homes constructed, etc. Total collected for these services was approximately \$4,000. The next section addressed was Financial Services. Geoff explained that the Association is faced with Bad Debt expense which is comprised of two

components—(1) write-offs for foreclosures and bankruptcies; (2) Allowance for Uncollectible Assessments. This is an accounting adjustment in accounts receivables based upon historical trends which will probably not be collected, even though they remain on the books. These two items make up 3.2% of the budget. The remaining items in this section (bookkeeping, deed restriction enforcement, etc.) also make up 3.2% of the budget. In 2009-2010, the Bad Debt and Allowance for Uncollectible Assessments made up 3.1% and the remaining items were 2.9%. Geoff stated that the legal expenses decreased in 2010-2011 compared to 2009-2010. There are three primary reasons for legal expenses—two of which are statutory in that in order to protect the Association's interest in a receivable—liens must be filed and attorney involvement in foreclosure actions. The attorney is also called upon for deed restriction enforcement and other legal matters. The legal portion represents 7.1% of the budget. Legal services were in excess of \$66,000 in 2009-2010 which was 10.8% of the budget.

The Maintenance portion is the largest and represents 49.8% of the budget, compared to 48.3% in 2009-2010. The aquatic weed control was over budget, but the remaining items in this category were under budget. There was one mowing that was not completed in the fiscal year and therefore reflects the under expenditure. The tax line item stayed the same and is the reason the financial statement is still a draft until these computations have been made. Geoff moved onto the Reserve section stating that for the 2010-2011 fiscal year, \$67,200 was funded for capital reserves. He pointed out the categories where the reserve funds were expended totaling \$53,964. The Reserves make up 11.8% of the 2010-2011 Budget which compares to the same (11.8%) for the 2009-2010 fiscal year. Geoff further stated there was a small amount of excess revenue which will be voted on to carry over to the 2011-2012 budget. In the prior year (2009-2010), there were excess expenses of over \$10,000.

On the Cash Flow Summary page, Geoff pointed out that the Attorney Receipts of \$5,290 and Foreclosure Receipts (receivables) in the amount of \$4,600 are funds collected from foreclosure actions through the attorney. He also reported that the Association did not have to pay any income taxes, and did receive a tax refund from the State of Florida in the amount of \$1,000. The Operating Expenses for 2010-2011 were \$503,330.32 and Reserve Expenditures were \$53,964.65. The cash available at the beginning of the fiscal year was \$220,988.05 of which almost all of those dollars were related to the Reserves. At the end of this fiscal year there is \$236,532.06 of which \$15,000 is available for operations at the end of this fiscal year. Geoff touched upon the Accounts Receivable in the amount of \$124,081. This is an increase from \$108,291 in 2009-2010 fiscal year. This can partially be attributed to the economy and hopefully will decrease as more properties change hands and back assessments are collected. Geoff asked if there were any questions. Mr. DeWeese requested that the Statements of Revenues and Expenditures handout be placed on slides for next year's Annual Meeting.

Reports of Officers, Directors of Committees

At this time Rob Hancik asked each of the Directors to stand and give a brief outline of their areas of responsibility as well as how long they have lived in Burnt Store Lakes.

President Rob Hancik made a few remarks about the State of the Association. Rob reported on some of the park improvements made during this fiscal year and the issue of the existing park entranceway that is not in compliance with SWFWMD regulations. Rob stated that the Board has made the budget process as transparent as possible with the involvement of many of our property owners at the budget meetings as well as the monthly Board meetings. The Board also worked on a proposed Master Plan for the community which will be discussed later by Bob Reichert. Rob also explained how the MSBU (Municipal Services Benefit Unit) works. He noted that this year the combined MSBU for Burnt Store Lakes, Pirate Harbor, and The Woodlands was separated into individual MSBU's. Burnt Store Lakes petitioned the County Commissioners to establish an MSBU Advisory Committee. As a result, the Commissioners appointed five members to each of the three (3) Advisory Committees with each one having an alternate

member. In reviewing the financial reports from the County for our MSBU, the Advisory Committee achieved a reduction of \$186 to \$13 on the single family non ad valorem tax (more for multifamily). The \$13 is to repair/replace street signs, etc. The Advisory Committee asked to level the amount at \$52 to reserve for future re-paving of our roads. The MSBU previously funded the road repaving finished a few years ago, the two roundabouts, the sidewalk along Cape Horn from Vincent to Burnt Store Road, and re-design of our front entrance. The current project is to provide lighting at five (5) other entrances to the community (Peppercorn, Cabana, Rio Togas, Saragossa, and Vincent) primarily for safety. It is now in the design phase. He also discussed a future project is to expand the sidewalks, i.e., Peppercorn, Rio Togas, etc. Rob then asked Jim Brown to make a few remarks about the South Charlotte County Coalition (SCCC). Rob also stated that Jim is a member of the Community Advisory Committee (CAC) of the Metropolitan Planning Organization (MPO). Jim said that Bob Reichert is the SCCC representative and that he (Jim) is the alternate. The SCCC consists of 11 communities, six of which are in South County and the other five are in the City of Punta Gorda. SCCC accomplished a mutual aid agreement between Charlotte County and the City of Cape Coral for emergency fire and rescue service. Due to this agreement, several of our property owners were able to realize a reduction in their homeowners insurance. His involvement with the CAC is currently focused on the completion of the Burnt Store Road widening project. The SCCC is being recognized as an important entity in South County. Commissioner Chris Constance has been attending their meetings. In addition, Commissioner Trish Duffy has been working on changes to SWFWMD rules and regulations. Rob emphasized that in addition to Association related business, the Board works in coordination with the County Commissioners, SWFWMD, FDEP, etc.

A property owner expressed appreciation for pursuing the additional lighting project. She also asked who was on the Advisory Committee and how you can become a part of it. Rob explained that openings are advertised in the newspaper by the Commissioners and at that time you may submit an application for consideration. Rob stated that in addition to himself, Rick Mathis, Jim Brown, Bob Pietrasanta, Bill Lounsbury (alternate), and Sandy Funk serve on the Committee. They meet quarterly. Bob Beahn stated that he is for the lighting project, but would like to wait until after Burnt Store Road is widened before going forward with the project.

Architecture Review Committee (ARC): Fred Boland is the Board liaison for this committee. Fred thanked the Committee Chair, Katie Mazzi, along with three other members Bill Fruit, Sean Howard, Joyce Punt for their service. 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. 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 is the Board liaison for this committee. He thanked Bob Carlson and Jinx Carlson for jointly chairing the committee. Other members of the committee are Tom and Kay Chesney, Bill Story, Don and Karen Adder, Rob Hancik and Secretary Judy Martens. Gordon displayed slides of the various projects completed with the assistance of the Beautification & Enhancement Committee: Restroom in the Park, Playground Equipment in the Park, replacement of the entrance sign at Cape Horn and Vincent Avenue, new signage at nine (9) entrances into the community, and numerous replacements of internal "No Trespassing" signs—specifically located near our lakes. He also stated that funds have been allocated this year to replace the irrigation system at the Vincent/Cape Horn entrance area.

Mechanical & Maintenance and Lakes Water Quality: 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 are in the second year of the 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 in the swales when they 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. Bob explained a program he would like to institute regarding vacant lot clean up. It 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. He stated there are safety issues with overgrown trees and hanging limbs that create a danger to the mowers and their equipment. The aesthetics of the community is also impaired. Bob reported that Phase I of the large Ibis Lake island was cleared of Brazilian pepper trees and other obnoxious growth between December and January (pre bird nesting season). Phase I encompassed only half of the island due to limited funding in the budget. Phase II will continue this fall on the remainder of the large island as well as the small Ibis Lake island. Bob continued by stating the health of our eleven (11) lakes looks good. He stated the midges are under control as long as we continue our treatment program set up with Clarke Environmental Mosquito Management.

Ron Norsell stated that our lakes are a valuable asset to our community, and asked what the 3-4 top qualifications are to serve on the committee. Bill Welsh asked why there was such a large budget increase on the lakes line item. Bob Lilley explained that \$50,000 additional was added this year for midge fly treatments. Another property owner asked what chemical was being used—response “Abate”. Another question raised was when the next Ibis Lake cleanup will begin—response late December, early January. It was also asked if there was another method other than chemicals to control the midges—response cracker fish, blue gills and littoral plantings.

Communications: Aimee Schneider reported on her area of responsibility. The Resident Directory is published by PCI Communications at no cost to the Association. 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 2012. Aimee reported that the Newsletter was published twice a year (circa May and November). The Newsletter is also posted on our website. Continuing onto the CIN messages (Communication Information Network), Aimee noted that CIN messages are an important way to provide information about activities and Association related business. We are continuing to address the timeliness of getting information posted (meeting agendas, Board minutes, etc.).

Property owner, Carroll DeWeese, discussed possible enhancements to our website as an information tool by including such items as the kayak plan, budget, areas of responsibility under each director’s name, listing all committee members under each committee name, and a link to show the MSBU (Municipal Services Benefit Unit)--stressing the need for more communication. Property owner, Gary Ludwig asked if the Association could look into providing community wide Wi-Fi service (hot spots). He stated there may be an added program of providing security cameras.

Community Standards: Stan Hochstadt shared slides showing examples of poorly maintained lawns and landscaping emphasizing the importance of maintaining a well-kept community by Deed Restriction enforcement. In addition, Stan showed examples of trailers, boats and RV’s parked inappropriately (some shown in other communities). This further demonstrates the need to continue and encourage the use of waivers with time constraints for these types of items. A well maintained property is linked to property value. Property owner, Rick Mathis, asked about the deed restriction issue with the wall on San Ciprian. Rob Hancik explained the delay in resolution is scheduling problems encountered in setting up a mediation hearing. He further stated that since this was a legal issue he could not elaborate further.

Long Range Planning: Bob Reichert reviewed the 20-year Master Plan that was sent out to all property owners with the Annual Meeting packet. He stated that this is a vision for the future of our community. However, no money has been allocated in this year's budget to implement any of the amenities. Bob explained the potential problem access to the Park using the existing road off Burnt Store Road due to the proposed widening. Engineering of this portion of the road is scheduled for early 2012, after which we will know if we will be denied access. In the interim, the Association has purchased a lot on Rio Togas that may be used as an alternate access to the Park. Bob also displayed additional slides of the Punta Gorda Airport Commerce Center, the newly constructed airport control tower, road projects at Midway in Port Charlotte and along Route 776. He emphasized the impact these projects have on the anticipated growth of Charlotte County.

Additional Open Forum Remarks: Justina Ford, property owner on Rio Togas, expressed concern over utilizing a lot on her road to access the park. She emphasized privacy concerns. Bob Beahn inquired about the cost of the entire project. Carroll DeWeese stated it is a vision, but requested expansion on the vision and need for a project plan. Another property owner suggested approaching the project in phases. Marc Matthews discussed the engineering estimate. Gary Ludwig mentioned the Wi-Fi possibility again and remarked on the Rio Togas lot purchase. Another property owner inquired as to the status of the kayak/canoe launch. Rob explained that we received FDEP approval for the project and that requests for bids have been solicited with installation anticipated by end of this year or early next year. Another property owner inquired about the "yellow" sticker availability for vehicles and had some additional budget questions. Rob Hancik and Bob Reichert responded. Rich Mathis commented that the traffic light installed at Acline Road and Route 41 will be permanent according to the City of Punta Gorda (originally designated as temporary until completion of the Burnt Store Road widening project). George Ellis asked if the County intends to install cobra lights along the entire Burnt Store Road corridor. The answer to this is unknown.

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

New Business

Consideration of the Budget and Carryover Funds

The 2010-2011 Carryover of Funds and the 2011-2012 Budget was presented by Robert Reichert, Treasurer, and discussed by the membership. With the consent of the membership, President Hancik called for members to cast their votes and for ballots to be collected by the Inspectors of Election.

Consideration of Waiver of Audit

The Waiver of the Audit was discussed as presented on the ballot for the Annual Meeting as follows: 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. With the consent of the membership, President Hancik called for members to cast their vote for consideration of Waiver of Audit. The Inspectors of Election collected the ballots for tabulation and voting was closed.

Consideration of the Master Plan

The consideration of the Master Plan was discussed as presented on the ballot for the Annual Meeting as follows: Should the Burnt Store Lakes Property Owners Association continue to pursue the implementation of the Long Term Master Plan over the next 5-20 years based on demographics? The Master Plan was presented by Bob Reichert as part of his Long Range Planning report and was discussed extensively by the membership. With the consent of the membership, President Hancik called for members to cast their vote for consideration of the Master Plan. The Inspectors of Election collected the ballots for tabulation and voting was closed.

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, Announcements.

Announcements

Rob Hancik announced the Annual Christmas Dinner Dance will be held on Saturday, December 3rd, 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

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 announced these results along with the number of votes (see below). Rob Hancik, Bob Reichert and Gordon Quick were re-elected as Directors to serve a 2-year term. President Rob Hancik further announced that the Proposed Budget and Carryover for fiscal year 2011-2012 was approved as presented, and the Waiver of Audit in favor of a Review for the 2010-2011 fiscal year financial statements was also approved, and the Park Master Plan Concept was approved.

Number of Units Eligible to Vote:	2061
Number of Units in Attendance	153
Number of Units Voting by Proxy	531
Number of Units Attending but Voted by Proxy:	<u>41</u>

Total Voting: 643

Director Election Results

<u>Name</u>	<u>Votes</u>	<u>Elected</u>
Robert Hancik	363	Yes
Gordon Quick	362	Yes
Robert Reichert	354	Yes
Janet Goin	267	No
Robert Beahn	200	No
Michael Wiesenthal	197	No
Catherine (Chari) Hopkins	132	No
Write-Ins	2	-

Proposed Budget and Carryover Results

	<u>Yes</u>	<u>No</u>
2011-2012 Budget Approved:	431	161
Carryover of Funds Approved:	545	48

Waiver of Audit Results

	<u>Yes</u>	<u>No</u>
Waiver of Audit in favor of a Review:	404	190

Pursue Implementation of Long Term Master Plan (5-20 years)

	<u>Yes</u>	<u>No</u>
Park Master Plan	364	267

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. It was motioned and seconded by two property owners to adjourn the meeting at 12:00 p.m. ***The motion passed unanimously.***

Respectively Submitted,

Sandy Funk, Secretary
To the Board of Directors

December 31, 2011