

**Dunes of Panama Phase II
Annual Owners Meeting
October 17, 2015 at 2:30 P.M. Central Time**

Clubhouse

Minutes

Call to Order, Proof of Call, Quorum

Dr. Robert Furlough called the meeting to order at 2:30 p.m. central time. Jeff Mynard, Assistant Secretary provided proof of call. It was determined that there was a quorum. Directors present were Bob Hirsch and Greg Tanner. Director absent from the meeting was Ken Farrell and Dr. Banach was having some car trouble. DOPMA employees present were Jeff Mynard, Joyce Hall, Bethany Stokes, Richard Simpson and Tonya Clay.

Approval of Minutes October 18, 2014

Dr. Robert Furlough asked for minutes to be reviewed for any corrections or additions. Dr. Furlough had a couple of grammatical corrections. Motion was made to approve the minutes by Bob Hirsch and seconded by [REDACTED]. Motion carried unanimously. Minutes were approved as presented.

Approval of New Board Member

Dr. Furlough explained that all owners were invited to volunteer for a seat on the Board of Directors for Phase II. One volunteer form was returned. Greg Tanner was welcomed as the newest board member.

Financial Report-Treasurer

Dr. Furlough explained that there was an audit in 2014 by the firm Carr, Riggs, and Ingram CPAs and advisors. Per the audit report, everything was found to conform to all regulations. Audits are done every 3-4 years. This one cost around \$4500.

Jeff Mynard reviewed and discussed the following financial reports.

- Income and Expense for 1/1/15 to 9/30/15
- Balance Sheet as of September 30, 2015
- Cash Flow Projections 10/1/2015 to 12/31/2015
- Proposed 2016 Budget

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The Income and Expense Statement for January through September showed a total income of \$131,822 and expenses of \$148,594. Jeff notes that insurance was all paid during the first nine months of the year. October-December is projected to produce a year end expense amount of \$184, 156. Insurance was a little more than budgeted, but Jeff explained that it has more to do with the timing of the policy renewals, and that some of the expense can run over into the next year. The biggest variances were in the audit, internet, and a major repair to elevator early in the year. When the budget was created, no one knew that there was going to be an increase in water and sewer rates by a flat 3 percent. Overall, most of the accounts are within a few percent of what was set. With no questions on the Income and Expense report, Jeff proceeded to review the Balance Sheet.

The Balance Sheet as of September 30, 2015 shows cash in the bank to be \$4428. Accounts Receivable is only at \$181, meaning that almost all fees have been paid through September. Dr. Furlough thanked the owners for their prompt attention to paying their fees that is reflected in this Balance Sheet. Accounts Payable is \$3,285. The Line of Credit has a balance of \$22,223. This is directly related to the payment of insurance. A line of credit was taken out to pay the insurance in one lump sum because the financing agreement from the insurance company was not as attractive as in years past. The line of credit will be paid down as we go through the year. With no questions regarding the Balance sheet, Jeff proceeded to review the Cash Flow Projections.

The Monthly Cash Flow Projections show starting cash as of October 1, 2015 is \$4,228 and ending the year with cash at \$2,956. Jeff noted that the line of credit will be paid down by \$10,000 by year's end, and should be completely paid off by March 2016. Jeff noted that there is not much money in the account to cover any major expense. Jeff indicated that there may have to be a fee increase of some sort next year.

Proposed 2016 budget

Next item of business was the Proposed 2016 budget. Total Income for 2016 is projected at \$176,000 and Total Expenses projected for 2016 are \$168,180. Jeff noted that this is down from 2015 budget. There won't be an audit this year. Contract services is actually going down about \$5,000 due to an internal audit showing that Phase II was actually paying a little more than its fair share of this expense compared to the other Phases. Jeff also explained that hopefully there won't be another elevator emergency repair. For the insurance policy year, the amount is right around \$30,000 each year. For the 2016 budget, there may not need to be a fee increase, but Jeff indicated an increase for 2017 needs to be considered. This concluded the financial report with no additional questions. Steve Bridges asked about the SBA Loan. Dr. Furlough explained that money was borrowed from the Federal Government after Hurricane Opal came through. At that time the interest rate was 4% which was low at the time. Jeff explained that there are a lot of things that are not insurable from flood or storm surge damage, including landscaping, water/sewer lines. Unless it is a building with a roof, it is excluded from flood insurance. The money was used for those repairs. The loan matures in about 10 more years. The collateral for the loan was made with a special assessment that is collected monthly from the owners in the maintenance fee. The Accounts Receivable SBA and FEMA Loan note should balance each other. A motion was presented to accept the Proposed Budget for 2016 by Bob Hirsch and seconded by [REDACTED]. Motion passed unanimously.

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Reserve Account

The requirement to fund a reserve account was waived by a vote of 25 to 5.

Based on the vote by the owners, any funds left over at the end of the year will roll over into the next years' operating budget.

Old Business

Dr. Furlough explained that there had been some previous discussion about the possibility of tiling the walkways at least from the where the elevator starts to where the garbage chute ends on each floor. One option is to just re-paint at a projected cost of around \$5000 for the building. The projected cost of tiling would be around \$18,000. The painting would have to be re-done periodically, while tiling would be more permanent. Jeff noted that there is a bit of a risk with adhesion with painting in this environment. The only way to get a warranty on painting would require that all the coatings be removed down to the concrete. Then the concrete would have to be waterproofed. This process is very expensive, and difficult to do, as the floor would have to be blocked off for at least 3 days. Jeff suggested that the Board take a more long term approach. He noted the aesthetic enrichment with the tiling. An owner noted that the new tile in the E building is gorgeous, and encouraged others to go visit the E building. It is non slip porcelain tile. The assessment would be about \$450 per owner to tile the whole walkaway. An owner asked about a potential time frame. Jeff said that when it gets started, each walkway could be done in 2 days. An owner asked if each owner could add their balcony to the project. Jeff said that it could be opened up to the owners, and tile could be purchased for those interested owners. Work would be contracted out. Dr. Furlough says that there will be a request sent out to all the owners to approve the tiling of the walkways. The exact cost will be included in the request.

The next old business that was discussed was the railings. Dr. Furlough noted that a new board member had painted them. Railings are in good shape, but small sections cannot be replaced anymore because of new regulations regarding the space between the bars. Jeff noted that if all the railings were to be replaced, it would be at a cost of \$175,000. The board decided not to go forward with this item. Jeff noted that every other year, the railings have to be inspected by an outside engineer. The actual posts are still in remarkable condition considering their age.

A question was raised about sliding glass doors. Jeff referred to a sample that was left for owners to look at from a sliding glass door company. The cost is \$4800 per opening, \$10,000 for both openings. Jeff noted that it is each individual owner's decision when to replace their sliding glass doors. The color should be consistent throughout the building. The doors would meet current wind codes. New tracks would be included.

Dr. Furlough noted that Jeff and Richard agreed to bury some [REDACTED] to help with [REDACTED]. They will get that done within a week or so.

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Adjournment:

No further business discussed, next meeting set for February. Meeting adjourned at 3:25 p.m. central time.

Respectfully Submitted,

Jeff Mynard, Assistant Secretary