

**Dunes of Panama Phase II
Annual Owners Meeting
October 15, 2016 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, Ken Farrell, Dr. Warren Banach and Greg Tanner. DOPMA employees present were Jeff Mynard, Joyce Hall, Bethany Stokes, Richard Simpson and Tonya Clay.

Dr. Robert Furlough asked the owners to stand and introduce themselves.

Approval of Minutes October 17, 2015

Dr. Furlough tells the owners there a few things he would like to point out from the 2015 meeting to them. On the second page, the third paragraph has to do with monthly cash flow projections, we indicated that we had the line of credit that we had been using for a number of years and is not paid off. The insurance policy is about \$30,000 each year which is fairly significant and Jeff recommended in 2016 that a fee increase should be considered for 2017. We also talked about putting tile on the walkways and at that time we anticipated that the tile would cost about \$18,000, we did a special assessment to have that done and it did go a little over budget. An owner expresses her concern about the tile not matching and wondered if there was anything that could be done about it. Dr. Furlough states that we bought economical tile which is the same tile that was put on the walkways of the E building. Another owner asked if the whole property went with the same insurance would we get a better deal. Jeff explained that it's a question that has been asked before and we have had difficulties getting insurance companies to do that because of the legalities between the different corporations, to issue one policy that covers all five buildings. Jeff explains further that they are all submitted to a market, not as a package but all at the same time and your agent tries to point that out to them but again certain companies get better rates once they get up above a height threshold. In the bigger buildings, it is issued under one policy but there are actually five or six different carriers.

Dr. Robert Furlough asked for minutes to be reviewed for any corrections or additions. A motion was made to approve the minutes to accept the minutes as written and the motion was seconded. Motion carried unanimously. Minutes were approved as presented.

Financial Report-Treasurer

Jeff Mynard reviewed and discussed the following financial reports.

- Income and Expense for 1/1/16 to 8/31/16
- Balance Sheet as of August 31, 2016

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- Special Assessment Profit and Loss
- Cash Flow Statement 1/1/2016 to 8/31/2016
- Cash Flow Projections for 9/1/16 to 12/31/16
- Proposed 2017 Budget

Jeff starts with the Income and Expense report this shows you what your actual income is through the first eight months, included in that was the special assessment that was for the tile and to pay off the line of credit. As you move through and get down to the end of the year we had maintenance fee income and storage rental fee income that was budgeted at \$176,000 and expense budget was \$168,000. We spent \$201,335; that included the walkway tile which was about \$22,000. Insurance was about \$5,000 more than what we had budgeted. We also rebuilt the fire pump this year, which is why that expense is over \$8,679. The other accounts were within their normal variance. An owner questions the year-end variance between the Income and Expense at \$33,155; he wanted to know if that was a surplus that they had. Jeff stated that no it was not a surplus that on the Cash Flow Report he would show him where that was going.

The next report is the Balance Sheet that shows \$5,343 cash in the bank at the end of August 2016. We have paid off the line of credit, last year at that time it was at \$23,132 and now it is paid off. Accounts Payable came down a little bit from last year and is at \$3,064 and Accounts Receivables stayed about the same at \$761.00. Jeff informs the board that there will probably be a small fee increase this year, about \$10 to \$11 per month and per unit that probably should have been instituted last year because the monthly expenses have crept up. With no questions, Jeff continued to the next report.

Special Assessment Profit and Loss break down show what your money was spent on; Fire Pump, Walkway tile and Payoff Line of Credit.

Cash Flow Statement shows all the cash that came in this year, January through the end of August. It also shows all the operating expenses which includes the payoff of the line of credit and that leaves you with \$5,344 at the end of August.

The Cash Flow Projection for September through year-end is pretty straightforward; it shows starting cash at \$5,343 and ending cash at \$14,697.

Proposed 2017 budget

Next item of business was the Proposed 2017 budget. Total Income for 2017 is projected at \$182,000 and Total Expenses projected for 2017 are \$181,000. Dr. Furlough notes that at the bottom of the Income and Expense report it shows the current monthly fees for each unit and the proposed fees for 2017 if the budget is accepted. An owner asked Jeff to explain what is included in the contract services. Jeff explains to the owners that contract services it pays for part of Jeff's salary, it pays for accounting and it pays for the maintenance person working the building and the cost associated with that person and a shared cost of the everyday business

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functions and operations of the association. Another owner asked what the \$105,000 special assessment covers. Jeff explains that everyone should have received it in the mail but it covers the painting of the building, all the vertical walls and ceiling coatings, concrete and stucco repairs and replacing the sealants and caulking.

A motion was made to accept the Proposed 2017 budget as presented. The motion was seconded, roll was called and the motion was passed unanimously.

Reserve Account

The requirement to fund a reserve account was waived by a vote of 19 to 1.

An owner notes that he has noticed over the last couple of years that our assessments are coming on top of assessments and asked the board to try to spread it out better. Dr. Furlough tries to explain that the board tries to stagger the big assessments but we also have the Facilities Corporation who is also doing a special assessment which is completely separate from B building.

Another owner asked Jeff to explain what he means when he says that the reserve is waived. Jeff states that there is a reserve schedule that was mailed to you that shows the major repair items. If you don't waive reserves that means you start funding that according to that sheet. The owner explains that the reserve is a forecast of all the expenditures within the next several years and their projections and if every one of us puts this much in the reserve then we won't have any special assessments. Jeff explains that the reserve schedule comes out every year and what it shows you is for example; the safety railings are the original safety railings on the building and do they need to be replaced next year and they have lived past their expected serviceable life. Jeff also tells the board that the numbers on the schedule are pretty close to what it will cost to replace these items and you can certainly put away your own reserves. Just because the association as a whole doesn't fund a reserve account doesn't mean you can't fund one yourself.

Election of Officers

Dr. Furlough explains to the owners that the board members are the ones who decided and vote on the nonessential things and we bring to the owners the big, important topics. There are some things that we think what needs to be done and what are the options and we put it out to you and if you agree then we do it.

There was a motion made to keep the same officers. The motion was seconded and roll was called and the motion was passed unanimously.

Other Business

The issue has come up about the railings; we have checked with two companies to see what would happen if we decided to paint the railings. You should have received something in the mail from Jeff stating it would cost

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somewhere around \$33,000 to paint all the ones on the beach side as well as the ones on the front walkway. There have been some owners say, why would we want to spend that much on railings that are 35-36 years old. The other option we talked about was replacing them. The inspector for the county came around and apparently after sampling about 75% of the railings in each building, he found some defects that he pointed out and Richard and Jeff went back and fixed those. Dr. Furlough asked Richard what he thought about the condition of the railings. Richard stated in his opinion that a lot of the top caps have come loose due to welds breaking over a period of time. The buildings railings do not meet current code because of the spacing between rails being more than four inches. The post on the railings are the most critical a lot of them around the bottom closer to the concrete, the acid that comes from the concrete has started pitting and eating away at the post and he thinks if the right person came along and leaned against them it could possibly fall and in his opinion he thinks they should be replaced. They have been painted before and patched many times but for safety reasons, they should be replaced. Dr. Furlough tells the owners that their options are to spend \$33,000 and just paint them or they can spend \$150,000 and replace them with ones that are up to code, brand new, installed and they will already be painted.

After lengthy discussion there was a motion made to split the project up over 2017 and 2018. The motion was seconded by Greg Tanner and the motion passed by majority vote.

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