

**VILLAGE WALK SOUTH OF VERO BEACH
HOMEOWNERS' ASSOCIATION, INC.
MINUTES OF 2009 ANNUAL GENERAL MEETING
VILLAGE WALK SOUTH CLUBHOUSE
MARCH 17, 2009 at 6:00 P.M.**

1. The meeting was called to order at 6:07 p.m. by Robert McKinley, president, who acted as Chair of the meeting.

2. Roll Call, certification of proxies, determination of a quorum

Steve Guest, Secretary, announced that there were 65 voting homeowners present in person or by proxy. (29 appeared by proxy). No formal roll call was necessary as all owners in attendance had been signed in at the door. The Chairman declared a quorum. [The number of persons in attendance and appearing by proxy grew to 72 after the meeting had started, comprising 40 in person and 32 proxies].

3. The Secretary filed an affidavit by way of proof that notice of the meeting was given in accordance with Florida law.

4. Approval of the 2008 Annual Meeting minutes. Each owner was provided with a copy of the minutes of the 2008 Annual General Meeting.

Bettina Boudrot moved that the minutes be adopted as written. The motion was seconded by Marlene Broering. On a show of hands the motion was approved.

5. 2008 Financial Statements

Barb Conits , Treasurer, briefly reviewed the main elements of the 2008 financial statements prepared by the Associations auditors. Owners were provided with a copy of the statements in their handout packets. The Association ended the year with approximately \$100,000 in cash account and \$48,000 in assessments receivable. The balance sheet on page 3 was referenced. [Note: the statements may be viewed at <http://www.villagewalksouth.com/Financial.Statements.2008.pdf>]

6. Discussion of financial statements

Bettina Boudrot referred to Page 4 – replacement fund and asked what the fund is for? For example, the pool or roofs. Bob Mckinley replied that it is a savings account to accumulate funds for replacement or long term repair of capital items, such as the pool, the roads, the roofs etc..

Bettina Boudrot asked how she would obtain the detailed information on what specific expenditures are included in each amount. She was advised that there are detailed

statements provided to the Board at each monthly meeting and that the information is available to any owner upon request. The financial statements are also on the website. Some of the breakdowns are on page 9. Debra Colburn is also available to answer questions. Finally Bettina Boudrot asked where she was to send her quarterly fee. She was advised that she could place it in the mailbox inside the club house.

7. There being no further questions in relation to the financial statements, Steve Guest moved that the 2008 financial statements be approved as presented. The motion was seconded by Tom Collins.

Motion to approve the financial statements as presented. Approved on a show of hands.

8. Nominating Committee Report.

Sue Jordan read the report of the Committee and stated that Hank Schulte, Mike Hanner, Harvey Rendleman have agreed to run for the open positions. Sue Jordan briefly reviewed each candidate's background.

9. Nominations from the floor.

Sue Jordan asked if there were any nominations from the floor. There were none.

10. Motion to close nominations

Motion to close nominations. Seconded. VOTE: approved on a show of hands.

11. Brief Self-Introduction By Each Nominee.

Mike Hanner and Harvey Rendleman introduced themselves and briefly described their interest in serving on the board or their backgrounds. Sue Jordan advised that Hank Schulte was out of town but that he had served on the board for the past year and had also served on the ARC committee.

12. Marking Of Ballots – two directors' positions.

Hank Schulte and Mike Hanner were elected.

Bob McKinley thanked Harvey Rendleman for his interest in serving on the board and hoped that he would assist in performing other functions for the HOA.

13. Report From President On Reserve Account Funding And Need For Vote Of Members

Bob McKinley explained the reserve fund and the board's decision not to fully fund the Reserve when it created its annual budget for 2009. He explained that last year the owners approved an addition to the HOA's responsibilities to include replacement of roofs due to normal wear and tear, as opposed to repair of damage caused by wind

storms. Until that time, the HOA was collecting a sufficient reserve to cover its other responsibilities, such as roads. The new obligation for roofs was unfunded at that time. The board received a reserve fund study in 2008 calling for the HOA fees to be increased by about \$44 per month to cover the obligation. However, he explained that in setting the 2009 fees the Board was mindful of the fact that owners had already been asked to pay a \$1,000 special assessment. The board members were of different views on how much to increase fees for 2009 but settled on a compromise of \$10 per month. The under-funding of the reserves would, therefore, have to be addressed in the following years.

The Florida statutes require that if the reserves are not being fully funded, the owners must approve the under-funding by a majority vote.

The vote is, therefore, to maintain the current amount of HOA fees (\$142.75 per month) or to increase the fees by an additional \$34 per month retroactive to last January. Given that the owners have been faced with a special assessment which is out of the usual, the board recommends that the owners approve the under-funding for this year, with the thought that the matter will be addressed in the coming years when there is less of a pinch in their wallets.

14. Questions And Comments From Members On Reserve Account Funding.

Richard Broering asked if there is a performance bond available in case something catastrophic happens? Bob Mckinley advised that damage to roofs is the responsibility of each homeowner. The HOA only covers replacement on a long term replacement basis. The reserves don't cover peril, just long term replacement. He was not aware of any bond that would cover that financial obligation.

Harvey Rendleman commented that if the concern is that we'll fall short of the funds necessary to fund the items, the board will assess you the difference. In other words, if you don't properly fund the reserves on a year-to-year basis, you can count on having a special assessment when the time comes. Bob McKinley clarified the point: the under-funding is for 2009 only. For 2010, the board will have a plan in place for future funding.

Karen McSween asked whether if we don't increase the fees sufficiently this year, are we obligated to double-up next year? Bob McKinley said that there will be a long-term capital plan. We are limited to a 15% annual increase.

Bonnie Corley asked if the funds go into an interest-bearing account? The answer was yes, but income taxes are also deducted from the interest income.

Dean Woodrich asked which would be the least costly expense alternative? Bob McKinley answered that neither was more costly. The under-funding was simply intended to match people's cash flows.

Gloria Corsoro asked that if the State of Florida requires full funding why don't we get a contractor to examine the various things the HOA is responsible for and give an estimate

on each? Bob McKinley answered that the board retained a firm to study the needs. There is a full report. The report was tested against an actual estimate obtained from a roofing contractor and the report proved accurate. Gloria asked if the plan can be amended according to the needs? She was told that it can.

Bonnie Corley commented that she thought the recent painting of her unit was perhaps premature.

Bettina Boudrot asked that if she had to replace her roof due to damage, does she still have to pay for the reserve fund as far as roofs are concerned? Bob McKinley said that she would. Each owner is required to put aside for their neighbor as well as themselves.

15. Marking of ballots – reserve funding resolution.

The following resolution was put to the members and voted on by secret ballot:

BE IT RESOLVED THAT:

The annual contribution to reserve accounts for 2009 shall be set at \$26,470, being less than the amount required by the Florida Statute on Homeowners' Associations, Chapter 720, Section 303(6).

16. Collection Of Ballots

The resolution was approved on a vote of 60 to 10.

17. Other Business

527 6th Street (south side of 6th Street)

Bob McKinley reported that it has recently come to the board's attention that the units on the south side of 6th Street are encroaching over each other's lots or on the common property. Steve Guest reported what he's found out about this issue. The units would never have fit on the lots to begin with. The plan of Subdivision contains an arithmetical error of 2 feet for each block of 5 units, of which there are 4 on the south side of 6th Street. In addition, the units would never have fit on the lot sizes provided because each end unit is 3" wider than its lot. The result is that there is a chain reaction along 6th Street resulting in a series of encroachments by one unit against the lot of another. In the case of 527 6th Street, the encroachment is 3.1 ft. into the common area. There is a suspicion that, because of the 3" problem, every block of units in the entire development will have some degree of encroachment. There are a couple of fixes that come to mind. Option 1: Amend the plat. Hire a surveyor and do a new plan. Option 2: Encroachment agreements to be entered into by the homeowners on a block by block basis. There is a community-wide need to remove the cloud on each property. The buyer who discovered the problem did close, and accepted the cloud but with the likely understanding that the problem would be resolved in future. Until the problem is resolved, owners cannot present clear title to their property. Bob McKinley is meeting tomorrow morning with an attorney to ask for advice of how to deal with this. He has also talked to a surveyor. The matter has been reported to

our litigation attorney, and added to our claim. This is the first the board has been made aware of this problem. None of us received a boundary survey when we purchased, and these encroachments are exempted from our title insurance policies.

Sandy Fontana asked whether we have we determined that this is an HOA issue or an individual owner issue? Bob said that it is at the inquiry stage. The board may not have the right to resolve these issues. It may have to be handled by the individuals.

Dann Jacobus raised a 6th Manor parking problem. The neighboring unit is owned by Ray Kennedy, and realtor has reportedly given permission for others to park there. Bob stated that if someone is not the owner, he cannot give permission. Mrs. Kennedy, who was in attendance, confirmed that no permission has been given for anyone to park in the driveway of the Kennedy unit.

18. Adjournment.

Meeting adjourned at 7:30 p.m.