

**PINESTONE AT PALMER RANCH ASSOCIATION, INC.**  
**MINUTES OF BOARD OF DIRECTORS MEETING**  
**November 15, 2016**

The meeting of the Board of Directors of Pinestone at Palmer Ranch Association, Inc., a Florida Corporation Not For Profit, was held at in the Clubhouse at 4255 Players Place, Sarasota, Florida 34238.

The meeting was called to order by Suellen Coito, President at 7:00 PM. Debbie Fulton, CAM, CMCA, AMS, PCAM, Association Manager., kept the record of the meeting.

It was announced that notice of the meeting was properly made to all parties and notice was properly posted in advance of meeting. Directors present at the meeting were Suellen Coito, President; Rob Hoerner, Vice President; Sandra Keir, Treasurer; Ed Wambold, Secretary; and David Yamin and Dave Kathman, Directors constituting a quorum of the authorized number of Directors of Pinestone at Palmer Ranch Association. Also present was Debbie Fulton, CAM, CMCA, AMS, PCAM, Association Manager and 43 homeowners present.

Debbie advised that due to the length of the agenda owners would be given 3 minutes to speak on agenda items. She also requested that they identify themselves and their unit so Board and audience can get to know them as well as their concerns. She also asked that they wait to be recognized by the chair prior to speaking.

**Approval of Minutes – April 19 and October 18, 2016 board meetings and November 8, 2016 workshop meeting** - A motion was duly made by Sandy and seconded by Dave to approve the minutes of April 19 and October 18, 2016 board meetings and November 8, 2016 workshop meeting. The motion passed unanimously.

**Treasurer's Financial Report:**

See attached report.

**Managers' Report**

Discussion of implementation of policies – Collection / Open House / Records Review - There was discussion of the open house policy and how to handle the gate and entry for open houses.

A motion was duly made by Ed and seconded by Rob to accept the policy as amended to have the gate open on Sundays between 12 and 4 for open house showings. In Favor: Suellen, Rob, Ed, David and Dave. Sandy recused herself. Motion passed

A motion was duly made by Dave and seconded by David to approve the collection policy as presented. The motion passed unanimously.

A motion was duly made by Ed and seconded by David to approve records review policy as presented. The motion passed unanimously. The Board advised the office will make reasonable accommodation to provide electronic copies.

**Discussion and vote to have the estoppels and condo questionnaires done by the Pinestone office vs PCM**

- A motion was duly made by Dave and seconded by Ed to have the estoppels and condo questionnaires done by the manager versus PCM. The motion passed unanimously.

**Discussion and vote to waive the fees for estoppels and questionnaires for homeowners refinancing** - A

motion was duly made by Rob and seconded by Sandy to waive the fees for estoppels and questionnaires for those owners who are refinancing. The motion passed unanimously.

**Committee Reports:**

**Plant & Beautification Committee:** Rob reported that on Thursday the holiday decorations will be gotten from the storage unit. The holiday decorating will begin on Friday. Volunteers were requested.

Currently the irrigation budget is under spent. There was a 30,000 budget for plantings, mulch and such. The begonias will be planted in the next couple weeks. Will need to purchase poinsettias and any needed decorating items. Think the under budget was due to not having a landscaper for a couple months. The 2017 budget is approximately the same as this year with a bit less for irrigation. In the spring the committee asked for a couple special projects shell 20/21, plants where hibiscus died around the pool and hibiscus in the front of the building. None of the projects were budgeted for 2017. The property looks good considering all the issues earlier this year. Bright View has been here early in the morning working to catch up, if anyone has issues please advise the office. The irrigation inspection was done today. The mulch has been approved to be installed in early January. Need to add to December agenda approving the shell walkway.

**Facilities, Systems, Technology & Security Committee:** Ed reported that there will be a meeting at 9:30 on Thursday. If you are interested please attend. Will review the list from the March meeting. He distributed the list of the re-roof timeline. Last year it was determined that board members should not be on committees other than as a liaison. For uniformity, record keeping and such Ed created a resignation form. Ed advised he will not be running in January for re-election.

Fred and Rosanne were thanked for their work on working with the county to get the crosswalk installed. Tom Barry and Ron Adams were also thanked.

**Social Committee:** Dave reported that the committee is not in full force until the first of the year. Thanks to Carol and Betty for the help with the Awesome Breakfast. Will get the events posted in the bulletin board.

**Documents and Rules Committee:** David reported that there was discussion at the workshop that there should be a revision to the rules booklet. Would like this added to the December workshop. The committee will strive to make the book more uniform and non repetitive. Found some discrepancies between the documents and the rules booklet that would also be corrected.

#### **New Business:**

##### **Discussion and vote to change pest vendors**

A motion was duly made by Sandy and seconded by David to cancel Good News and go with Pest Shield. The motion passed unanimously.

**Discussion of filling the open Board seat left by Tom Barry's resignation** - Suellen felt that this be left open until the January election. A motion was duly made by Rob and seconded by Ed to leave the seat open until the election in January. The motion passed unanimously.

**Discussion of the charges for the roof repair in building 17** – A motion was duly made by Ed and seconded by Rob to have the association reimburse building 17 for the roof repair. In Favor: Suellen, Rob, Ed, David and Dave. Sandy recused herself. Motion passed

There was discussion that possibly the tree should be removed. The committee will investigate and give a recommendation.

**Discussion and vote on the height of the tennis court hedge** - A motion was made by Rob and seconded by Ed to trim to the top of the windscreen so the landscape crew can trim it in the future. The motion passed unanimously.

**Discussion and vote on policy /procedure in contacting the association attorney** – A motion was made by Ed and seconded by Dave to accept the policy as proposed outlining items 1-6.

Ed paraphrased the policy. David agreed that there should be a written record of attorney opinions received for future reference. He also agrees if it is an oral opinion it should be listened to by two board members. The Board retained the services of Kevin Wells and agrees he is an attorney sought after by associations. There is a training for board members that is a requirement per statute. In the training, Kevin outlines the duties of board members. David feels that board members should not have to worry about legal liability. Boards can rely on professional opinions and the board is not liable if they rely on those opinions. David feels this has become a political issue. Suellen advised this year there were three costly opinions. One was the change in management companies and keeping Arvilla as she was an employee of Argus, the landscape change of vendors and the issues in building fourteen. Rob inquired as to the liability of a board member if they vote against an item and the board is sued, is the member still liable?

Ed requested to rescind his motion and the issue was tabled to a future meeting.

**Discussion and Adoption of the 2017 Budget** - See attached notes from the Treasurer

A motion was made by Ed and seconded by David to accept the proposed revised figures for the 2017 budget and mail to the members to be adopted at the December meeting. The motion passed unanimously.

### **Open Forum**

No further business coming before the meeting, upon motion duly made by Ed and seconded by Rob to adjourn the meeting at 9:10.

Respectfully submitted,

*Debbie Fulton*

Debbie Fulton, CAM, CMCA, AMS, PCAM  
Pinestone at Palmer Ranch Association, Inc.

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Association Secretary

## November 18 Board Meeting – Treasurer's Report

### OPERATING BUDGET:

The Association has income of \$651,053 through October 31 and total expenses of \$630,541, which gives us a current surplus of \$20,512. Unless we experience something unexpected, we should end up the year with \$25,000-\$30,000 in net income.

There are only a few line items that have a significant variance from budget and they are:

- 1) Irrigation Maintenance, has been running around \$25,000 a year for the last few years and was budgeted at that amount this year, we've only spent \$4,124 this year.
- 2) Repairs and Maintenance – We've about \$5,000 over budget through October 31, but close to the budgeted amount for the year of \$25,000.
- 3) We've exceeded our \$3,500 Fire Alarm Monitoring Budget for the year. We've spent \$5,030 through October. On the positive side, we've only spent \$5,600 on Fire Alarm Repairs and Replacements and we budgeted \$12,000.
- 4) Legal Expenses – We've spent \$12,418 through October vs budget of \$3,500.

### RESERVE ACCOUNT

We have total reserves of \$1,173,885. We have \$850,000 in CDs and \$323,201 in three money market accounts.

We had a \$100,000 CD at Wells Fargo mature on October 20 and it was reinvested for six months at 65 bp. We have two CDs maturing this month. One will be reinvested at Cadence Bank in a 17 month CD for 93 bp with a step up option if the Fed Funds effective rate increases during the term.

## Explanation of 2017 Budget Revision – November 18, 2016 Board Meeting

At its October 18 meeting, the Board of Directors reviewed a proposed 2017 budget that the Finance Committee had recommended to the Board.

The Proposed Operating Budget for 2017 is \$806,321, compared to a 2016 budget of \$768,756, which is a 5% increase. We will also collect \$168,283 from the homeowners for the Neighborhood Reserves and each unit owner will contribute to their own buildings' painting and roof replacement reserves.

In order to keep the estimated replacement costs of our amenities as accurate as possible, the Finance Committee applied a 1% inflation factor to all Reserve items except for #3760-Maintenance Power Equipment and Tools, #3770, Carport Pressure Washing and #3795, Copper Pipe Repayment.

The Finance Committee also proposed that the Board move \$20,000 from the Carport Painting/Pressure Wash Reserve account to the Carport Roof Reserve account. This action will require approval by a majority of the unit owners at the annual meeting once a quorum has been established.

Third, because of the two legal opinions the Association obtained last spring, that said the buildings—not the Association—are responsible for paying for their own building repairs and maintenance, the Finance Committee proposed to the Board that it allocate \$2,000 equity to each of the 26 buildings (except Building 2) so the buildings have enough money to pay for their own miscellaneous repairs and maintenance. In the past the Association paid for building maintenance and then the building reimbursed the Association the following year through their maintenance fees.

Because it would be a financial hardship for some of the buildings to build up that much equity in one year, the Finance Committee proposed that the Board give a pro rata share of \$100,000 from the Lawsuit Settlement to boost these equity accounts. The allocation will be \$322.58 per unit and the amount each building receives will depend on the number of units in the building.

The Board discussed the advantages and concerns about using lawsuit settlement money and explained to those in attendance that this allocation would result in a one-time reduction in their maintenance fees. The Board voted to approve the use of the lawsuit settlement and approved the 2017 proposed budget and instructed Debbie to mail them to the owners.

At a November 8 Board workshop, it was brought to the attention of the Board that the monthly maintenance payment of \$190.70 that appears on Schedule A of the budget package received by unit owners would only collect \$709,404 in revenue to pay for the \$806,000 budget, which would result in an almost \$100,000 net operating loss. This was because the Schedule A calculation had been offset or reduced by the carry over amount of the building's allocation from the Lawsuit Settlement.

If you divide our annual budget of \$806,000 by 12 months and then again by 310 units, each unit should be paying \$216.66 a month toward the total budget.

Concerns were raised by several Board members about the revenue shortfall and the Finance Committee was asked to put together another budget that would raise the amount paid by each owner toward the operating budget to \$216.66.

On Friday, November 11, the Finance Committee presented a revised budget and voted to recommend the revised budget to the Board of Directors.

Since the original proposed budget has already been mailed to unit owners, the Board has two options at tonight's meeting. One is to pass the budget that was already mailed and hope that our expenses will be less than projected and we'll collect enough money to cover the operating budget. The second is to adopt a revised budget that still allocates \$100,000 to the buildings, but only as a journal entry, not as an offset to revenue. This would result in higher maintenance fees.

This latter action will require the mailing of a new budget to the owners; delay the Board's approval of the 2017 budget until the December meeting and the printing of coupon books.

There was also a discussion of what appears to be a surplus of approximately \$50,000 from the 2015 budget year and a suggestion that the cash be applied to the 2017 budget to reduce the maintenance monthly fee by about \$13/month. Due to some confusion about whether a surplus actually exists, the Finance Committee did not recommend the Board act on it at this time.

In summary, the Board can either decide to stick with the first proposed budget it approved, and the one you received in the mail, which allocated \$100,000 from the lawsuit settlement to the buildings for repairs and maintenance and reduced your maintenance payments below the amount we need to pay for our operating expenses next year. OR the Board can vote to approve the revised proposed budget, which still allocates the \$100,000 to the buildings, but collects the full amount required to cover our operating expenses in 2017 and requires a higher maintenance payment.