CALL TO ORDER/ROLL CALL:

The bi-monthly meeting for the Shoal River Homeowner's Board of Directors was called to order by Cal Lord, President, October 5, 2009 at 6:30 PM at Live Oak Baptist Church.

Board of Directors present: Richard Gaydos
Ruth Labhart
Cal Lord

Board Members absent: Aaron Blum

Cal Lord stated that Aaron was absent as he just left for two months deployment of active duty with the Air Guard and he will not return until after the Annual Meeting.

Homeowners present: Herb Allen Stanley Rivers
Sylvia Kochmanski Marty Wynn
Glen McCardle Chris Zaher

SECRETARY'S REPORT: Ruth Labhart distributed copies of the August 3, 2009 Meeting. A motion was made, seconded and passed to approve the minutes as written.

TREASURER'S REPORT: Cal Lord presented the following Treasurer's Report through September.

First National Bank of Crestview:

Balance August 1, 2009 $45,783.40

Expenses August 2009 -2,028.75
Interest Earned - August 15.45
Total Income/Expenses August 2009 -2,013.30

Balance First National Bank 9/1/09 $43,770.10
Deposits - September 900.38
Expenses September -3,557.52
Interest Earned - September 14.24
Total Income/Expenses September -2,642.90

Balance First National Bank October 1, 2009 $41,127.20

Vanguard Money Market:

Balance June 1, 2009 $96,383.67
Interest earned June 2009 27.28

Balance Vanguard Money Market June 30, 2009 $96,410.95

The quarterly statement for Vanguard was not received as of today.

Following is a breakdown of the Income and Expenses for August and September:

INCOME: August September
Assessments $ 900.39
Interest Income First National 15.45 14.24

TOTAL INCOME $ 15.45 $ 914.63

EXPENSES:
Lighting Gulf Power $ 863.77 $ 863.77
Landscaping 1,100.00 1,100.00
Legal Fees 137.75
Insurance 1,456.00 _____

TOTAL EXPENSES $ 3,557.52 $ 1,963.77

Following is the proposed budget for 2010:

PROPOSED BUDGET 2010

Gulf Power $12,000.00
Landscaping 8,000.00
Lawyer 5,000.00
Taxes 850.00
Insurance 1,600.00
Meeting Room 330.00
Social 100.00
Accounting 150.00
Printing 100.00
Postage 300.00
Web Site 350.00
Miscellaneous 1,000.00
Total $29,780.00

We will be under budget at the end of the year. We will have a surplus of approximately $30,000 in our checking account and that is mainly because of the previous two years, 2007 and 2008, we had a surplus of over $10,000 for each of these years. Our next year's budget requirements will be approximately $29,780.00. This includes a proposed 10% increase in Gulf Power and Landscaping. If

we lower our assessments from $207.00 to $175.00 that will put us in a deficit of around $5,000. However, with the surplus we have we will have enough to cover this deficit and bring our contingency fund from $96,410.95 back up to $100,000 as we have had in the past. By lowering our assessments and working at it we should be able to get our checking account back down to a zero balance within a couple of years. This also provides us with funds in case something happens to the Golf Course where we might want to put up a new sign in front of the housing development, we will have funds to do this. Because we do not know what is going to happen to the Golf Course we need to keep the contingency fund the way it is and keep the surplus until we know exactly where we are going.

A motion was made, seconded and passed to lower the assessments next year from $207.00 to $175.00.
COMMITTEE REPORTS:

Architectural Review:

Richard Gaydos reported the following three requests were submitted and approved:

1. Paint a home on Timberline
2. Trellis work in back yard
3. Satellite dish

Richard also stated the County put up no parking signs on the dams.

Compliance and Complaint:

It was report there is a portable basketball goal in the driveway on Juniper and Shoal River Drive. Richard Gaydos will follow up on this.

It was reported the camper on Lovegrass Lane will be moved next week.

A homeowner on Lovegrass Lane expressed a desire to meet with the Compliance Committee to discuss a basketball goal, set in concrete, in his yard.

Curbs, Roads, Landscaping, Grounds, Lights:

It was reported there is broken pavement on Lovegrass Lane and Palmetto Court. Richard Gaydos will follow up on this.

Nominating: At the current time we have one and possibly two individuals who are willing to run as Directors on the Board during 2010 and 2011. We need a minimum of two nominees for vacancies on the board.

Social and Welcoming: There are two new homeowners:

Michael & Melissa Daugherty, 4694 Lovegrass Lane
David Songer 4684 Lovegrass Lane

Web Site: Aaron reported there was no new activity on the site.

OLD BUSINESS:

Cal Lord stated the Newsletter has been completed and we need to include it with the packet for the Annual Meeting

Cal also reported the Chapter 11 is over and the Judge ruled to dismiss the Chapter 11 proceeding because API did not come up with a viable plan for reorganization, so the Bank is foreclosing. The Bank is putting up the golf course and other holdings of API for sale. The sale will be on October 26 at 11:00 AM at the door of the Clerk's Office at the Okaloosa County Courthouse Annex, Shalimar, Florida.

NEW BUSINESS:

Ruth Labhart presented a draft of the documents for the Annual Meeting which were reviewed and will be printed and delivered this week.

ADJOURNMENT:

The meeting was adjourned at 7:00 PM. The next meeting will be the Annual Meeting at Live Oak Baptist Church in the fellowship hall. Registration will begin at 6:30 PM with the meeting starting at 7:00 PM.