Shoal River Homeowners' Assoc.

May 6 2013

Agenda

1) Letter to Homeowners
2) Minutes from March 4
3) Minutes from March 25 (executive session)
4) Committee Reports
5) New Business
   a) Bylaws requirement concerning voting on increase in dues
   b) When are assessments due?
   c) Lakes and Dams update
   d) Beautification
   e) Newsletter
   f) Florida Senate Bill 580 – FL Statute changes
   g) Treasurer
   h) Summary/Changes

6) Homeowner Questions/Feedback

Shoal River Homeowners' Assoc.

May 6 2013

Agenda

1) Letter to Homeowners
2) Minutes from March 4
3) Minutes from March 25 (executive session)
4) Committee Reports
5) New Business
   a) Bylaws requirement concerning voting on increase in dues
   b) When are assessments due?
   c) Lakes and Dams update
   d) Beautification
   e) Newsletter
   f) Florida Senate Bill 580 – FL Statute changes
   g) Treasurer
   h) Summary/Changes

6) Homeowner Questions/Feedback

Shoal River Homeowners' Assoc.

May 6 2013

Agenda

1) Letter to Homeowners
2) Minutes from March 4
3) Minutes from March 25 (executive session)
4) Committee Reports
5) New Business
   a) Bylaws requirement concerning voting on increase in dues
   b) When are assessments due?
   c) Lakes and Dams update
   d) Beautification
   e) Newsletter
   f) Florida Senate Bill 580 – FL Statute changes
   g) Treasurer
   h) Summary/Changes

6) Homeowner Questions/Feedback

Minutes 3/25/13

602 Lynn Brook W.

Crestview Florida 32539

Present: Gary Pangle, Ken Honaker, Tammie Songer, Carolyn Stewart, Ian Weaver, Robert McGill P.A., Richard Cleverdon

Open session started at 6:45pm

I.Weaver indicated that Richard Cleverdon (SRHOA homeowner) could not stay for the closed session. Richard Cleverdon departed when the executive session was initiated.

Meeting was recessed to executive session at approx 7:00pm

Meeting was reconvened from executive at approx 8:30pm

Motion was made, seconded and passed by 5 yea to 0 nay, that the President (I.Weaver) be the sole Board member responsible for coordinating with the SRHOA attorney on all issues related to the SRHOA.

Motion was made, seconded and passed by 5 yea to 0 nay, that the President (I.Weaver) and SRHOA attorney enter into negotiations with Chanan Adara Investments (aka Gilbert Chan) to facilitate and bring to resolution lake and pond related drain maintenance per strategy discussed in executive session.

Shoal River Homeowners' Assoc.

May 6 2013

Agenda

1) Letter to Homeowners
2) Minutes from March 4
3) Minutes from March 25 (executive session)
4) Committee Reports
5) New Business
   a) Bylaws requirement concerning voting on increase in dues
   b) When are assessments due?
   c) Lakes and Dams update
   d) Beautification
   e) Newsletter
   f) Florida Senate Bill 580 – FL Statute changes
   g) Treasurer
   h) Summary/Changes

6) Homeowner Questions/Feedback

SRHOA 5/6/13 FINANCIAL SUMMARY

Expenses		March 4 thru May 6	YTD	Budget 2013
	Gulf Power	$825.89	$2,466.25	$12,000.00
	Landscaping	$850.00	$850.00	$10,000.00
	Lawyer	$1,316.78	$2,161.78	$12,000.00
	Insurance	$-	$-	$2,000.00
	Meeting Room	$-	$-	$250.00
	Social	$-	$-	$50.00
	Accounting and Legal	$-	$575.00	$665.00
	Printing	$-	$-	$164.00
	Postage	$-	$44.00	$100.00
	Web Site	$-	$-	$25.00
	Miscellaneous	$-	$61.25	$160.00
	TOTAL	$2,992.67	$6,158.28	$37,414.00
	Lakes and Dams	$-	$-	$-
Income				
	Assessments	$(50.00)	$26,868.52	
	Interest	$31.71	$66.53	
Balance				
	chequing		$31,355.82	
	money market		$93,064.72	
Uncollected Assessments			$8,240.65	
	within budget/normal			
	unsure			
	over budget			

Bank Statement May 1 2013

1) Regular Savings Account

$33,781.94

Interest: $ 4.94

2) Money Market Account

$93,055.79

Interest: $ 26.77

December 31, 2010, year-to-date statement

Vanguard®

Client Services > 800-662-2739

www.vanguard.com

SHOAL RIVER HOMEOWNERS
ASSOCIATION INC
PO BOX 201
CRESTVIEW FL 32536-0201

019073

Prime Money Mkt Fund 0030-09944031576

7-day SEC yield as of 12/31/2010*	0.06%

Date	Transaction	Amount	Share Price	Shares Transacted	Total Shares Owned	Value
	Beginning balance on 12/31/2009		$1.00		96,494.630	$96,494.63
01/29	Income dividend	$3.39	1.00	3.390	96,498.020	
02/26	Income dividend	1.16	1.00	1.160	96,499.180	
03/31	Income dividend	0.82	1.00	0.820	96,500.000	
04/30	Income dividend	1.08	1.00	1.080	96,501.080	
05/28	Income dividend	3.38	1.00	3.380	96,504.460	
06/30	Income dividend	5.82	1.00	5.820	96,510.280	
07/30	Income dividend	8.78	1.00	8.780	96,519.060	
08/31	Income dividend	10.40	1.00	10.400	96,529.460	
09/30	Income dividend	8.49	1.00	8.490	96,537.950	
10/06	Wire redemption	-96,537.95	1.00	-96,537.950	0.000	
10/06	Income dividend check	1.25			0.000	
	Ending balance on 12/31/2010		$1.00		0.000	**$0.00**

*Average annualized income dividend over the past 7 days. For updated information, visit vanguard.com.

Compliance

1) Visits

a) xyz1 – yard – some bush trimming done – needs more

b) xyz2 – sign removed

c) xyz3 – boat trailer removed

d) xyz4 – business truck comes and goes – bb net moved

e) xyz5 – multiple visits – but yet to talk to owner – bb net

f) xyz6 – trailer moved

g) xyz7 – yard – was mowed

Compliance issues

1) Covenant article VIII sec 10: … no commercial vehicle parked for any period of time on plot except in garage

2) Covenant article VIII sec 19: ... **Section 19. Lawn Maintenance.** Lawns will be maintained in a manner that does not cause a decrease in property value or take away for the attractiveness of other homes in the Association. All Building Plots shall be kept free of the accumulation of rubbish, trash, garbage, other solid waste materials, and all unsightly weeds, vines and underbrush.

3) Covenant article VIII sec 25: … no basketball backboard

Shoal River Homeowners' Assoc.

May 6 2013

Agenda

1) Letter to Homeowners
2) Minutes from March 4
3) Minutes from March 25 (executive session)
4) Committee Reports
5) New Business
   a) Bylaws requirement concerning voting on increase in dues
   b) When are assessments due?
   c) Lakes and Dams update
   d) Beautification
   e) Newsletter
   f) Florida Senate Bill 580 – FL Statute changes
   g) Treasurer
   h) Summary/Changes

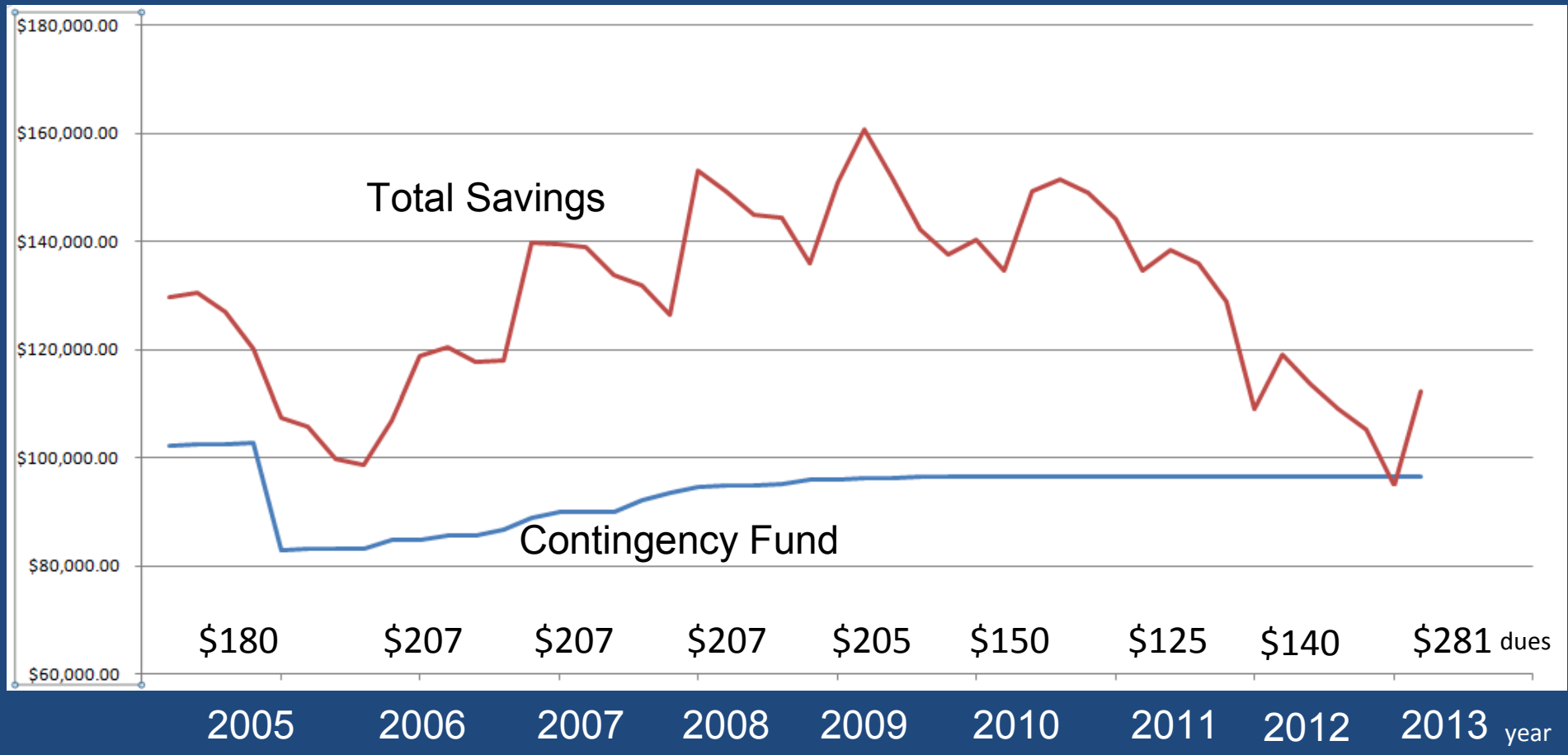
6) Homeowner Questions/Feedback

DUES increased from $140 to $281

What happened?

and

What is required to make it happen?



2013 Budget = $37,414

Shortfall Contingency Fund =$7000

($37,414+$7000)/158 = $281

Reduction in dues temporary

-Nov 2012 minutes

- What we did was reduce the annual assessments from around $200.00 to $250.00 a year down to around $125.00 to $140.00 a year **until we again had a zero balance at the end of the year.**

-Nov 2011 minutes

- The reason we reduced the assessment is because a couple years ago **we had a surplus** of $48,000.

-Nov 2009 minutes

- I propose we lower the assessments to $150.00 next year.

- If we do this **for the next couple of years** we will bring our checking account down to where it needs to be and then we will access each year based on our needs for the year based on the projected budget.

What do the Covenants and Bylaws require?

There are 5 relevant sections:

1) Covenants Article V Maintenance
2) Bylaws Article VI Powers and Duties of the Board of Directors (1 instance)
3) Bylaws Article XI Fiscal Management (3 instances)

Covenants: Article V Maintenance

Section 3 Adoption of Budget

The Board shall establish an Annual Budget … which shall estimate all expenses … for the proper operation, management and maintenance of the Community. The assessment for the year shall be based upon such Budget.

Covenants: Article V Maintenance

Section 4 Maximum Annual Assessment:

The annual assessment may be increased each year, by the Board of Directors of the Association, not more than fifteen percent (15%) above the assessment for the previous year without a vote of the membership.

Bylaws: Article VI Powers and Duties of the Board of Directors

2. The Board of Directors shall have power:

c. To **establish the budget and to levy and assess**, and collect the assessments necessary to operate the Association and carry on its activities, and to create such reserves for expenditures as may be deemed appropriate by the Board of Directors.

Article XI Fiscal Management

Annual Budget section

3. Annual Budget. The Board shall adopt, for, and in advance, of each fiscal year, a budget for the Association…Each budget shall also show the fractional share of the total estimated expenses to be assessed against and collected from the Members

Article XI Fiscal Management

The "LYNCH the BOARD" Section

4. Increased Budget. If a budget is adopted by the Board which requires assessment of the Members in any budget year exceeding 15% of such assessments for the preceding budget year, upon written application of thirty percent (30%) of the members, a Special meeting of the Members shall be held upon not less than ten (10) days' written notice to each Member, but within thirty (30) days of the delivery of such application to the Board or any member thereof. At the special meeting, Members may consider only and enact only a revision of the budget, or recall any and all members of the Board and elect their successors. Any such revision of the budget or recall of any and all members of the board shall require a vote of not less than fifty-one percent (51%) of the whole number of votes of all Members.

Article XI Fiscal Management

The "LYNCH the BOARD" Section

4. Increased Budget. If a budget is adopted by the Board which requires assessment of the Members in any budget year exceeding 15% of such assessments for the preceding budget year, upon written application of thirty percent (30%) of the members, a Special meeting of the Members shall be held upon not less than ten (10) days' written notice to each Member, but within thirty (30) days of the delivery of such application to the Board or any member thereof. At the special meeting, Members may consider only and enact only a revision of the budget, or recall any and all members of the Board and elect their successors. Any such revision of the budget or recall of any and all members of the board shall require a vote of not less than fifty-one percent (51%) of the whole number of votes of all Members.

Article XI Fiscal Management

The Math Exception Section

5. Exclusions. In determining whether assessment exceed 15% of similar assessment in the prior budget year, there shall be excluded from the computation any amounts for reasonable reserves etc... “Provided, however, that the Board shall not impose an assessment for a budget year greater than 15% or the prior budget years assessment without approval of a majority of the whole number of voles of all Members.”

Article XI Fiscal Management

The Math Exception Section

5. Exclusions. In determining whether assessment exceed 15% of similar assessment in the prior budget year, there shall be excluded from the computation any amounts for reasonable reserves etc... Provided, however, that the Board shall not impose an assessment for a budget year greater than 15% or the prior budget years assessment without approval of a majority of the whole number of voles of all Members.

How can we make sense of this statement?

1) Pull all the statements together
2) What is most reasonable interpretation?
3) What is most consistent?

Conclusion

1) The 15% 51% clause does not fit
2) The other major sections of the Bylaws are clear, supportive, and consistent: the Board establishes the budget and sets the assessment without any vote requirement from the homeowners
3) The homeowner has the option of the "Lynch the Board" clause

Mystery

How can we explain the 15% 51% clause contained in the Bylaw?

Mystery Solved

Original 1986 Bylaws

Article XI sec 4 Exclusions

Provided, however, so long as Developer is in control of the Board of Directors, the Board shall not impose an assessment for a budget year greater than 115% of the prior budget year's assessment without approval of a majority of the whole number of votes of all Members.

KEY QUESTION:

Even if Bylaws required 51% vote for >15% change in dues, then would it make sense to apply such a rule in this situation?

Answer: NO!

www.shoalriverhoa.com/covenants.html

Shoal River Homeowners' Association

Crestview, Florida



Home Covenants Forms Maps Minutes Articles Group_Email Links Contacts

Covenants and Bylaws

The SRHA covenants provide the easements, restrictions, and conditions for every property within the association, for the purpose of protecting value and desirability.

The SRHA bylaws provide the structure for managing the association, the board of directors, the committees etc.

The original 1986 Covenants and 1986 Bylaws

The 1987 Covenants

Adding of Shoal Landing East in 1994

The Articles of Incorporation Cover Page filed Dec 1987

The Articles of Incorporation Main Body filed Dec 1987

© 2013 Shoal River Homeowners' Association

Way Forward

1) Keep the dues at $281 with no total membership vote required. Members may still exercise their rights per the “Lynch the Board” section in the Bylaws
2) Modify the Covenants and Bylaws to reflect original intent. This will remove any ambiguity.
3) Explain situation and Board position to Homeowners via letter

Shoal River Homeowners' Assoc.

May 6 2013

Agenda

1) Letter to Homeowners
2) Minutes from March 4
3) Minutes from March 25 (executive session)
4) Committee Reports
5) New Business
   a) Bylaws requirement concerning voting on increase in dues
   b) When are assessments due?
   c) Lakes and Dams update
   d) Beautification
   e) Newsletter
   f) Florida Senate Bill 580 – FL Statute changes
   g) Treasurer
   h) Summary/Changes

6) Homeowner Questions/Feedback

When are assessments due?

1) Covenants Article 5 Section 7: Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Residential Dwelling Unit or Building Plots. Assessments will be collected on an annual basis in advance and shall be due on or before January 30 of each year.

Need Plan to Undo Penalties

1) Perform audit and send out checks?
2) Invite homeowners to submit claim?
3) Allow homeowner to submit reduced amount with next year's assessment?
4) Advertise issue via newsletter?
5) Update website
6) Need help

Shoal River Homeowners' Assoc.

May 6 2013

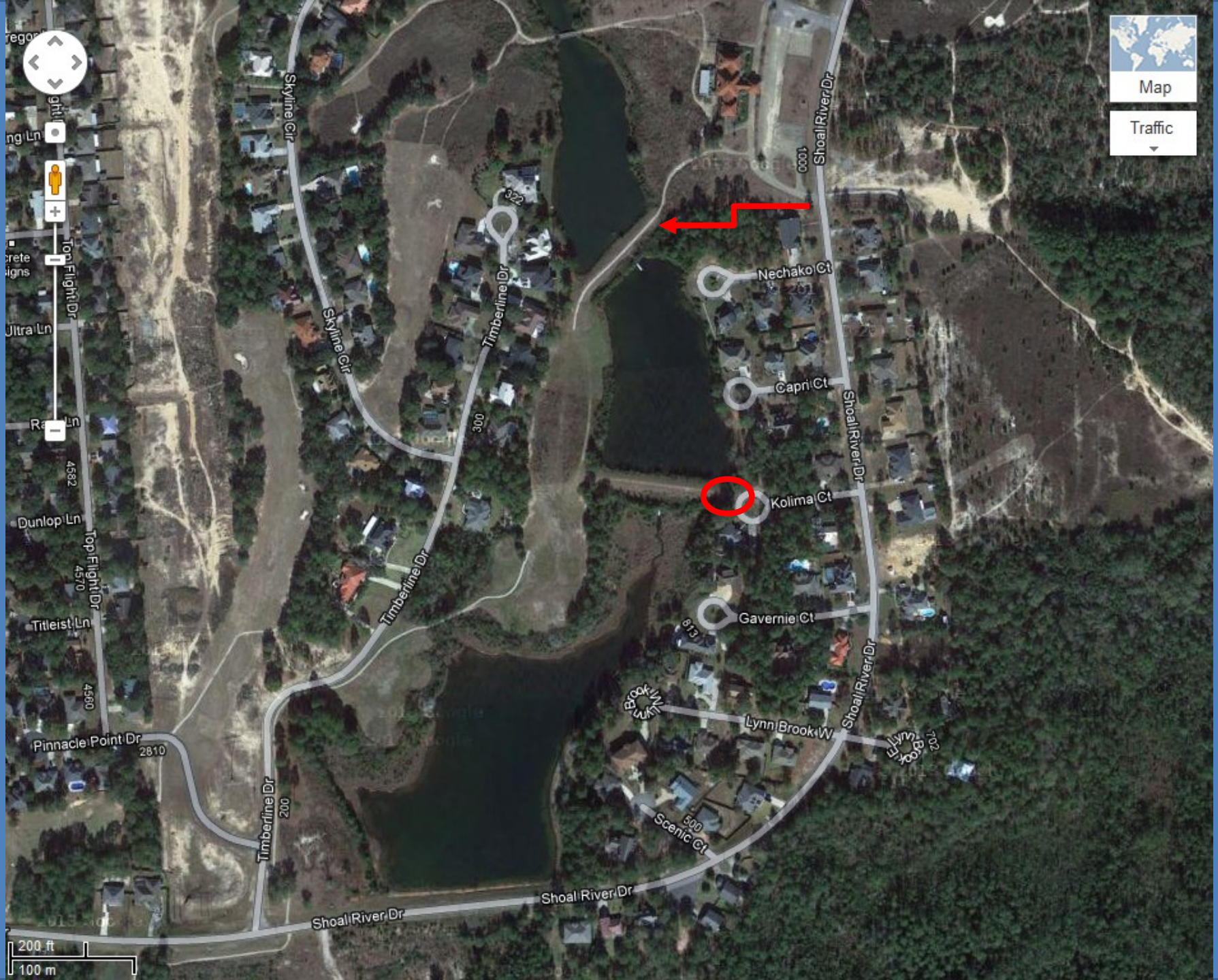
Agenda

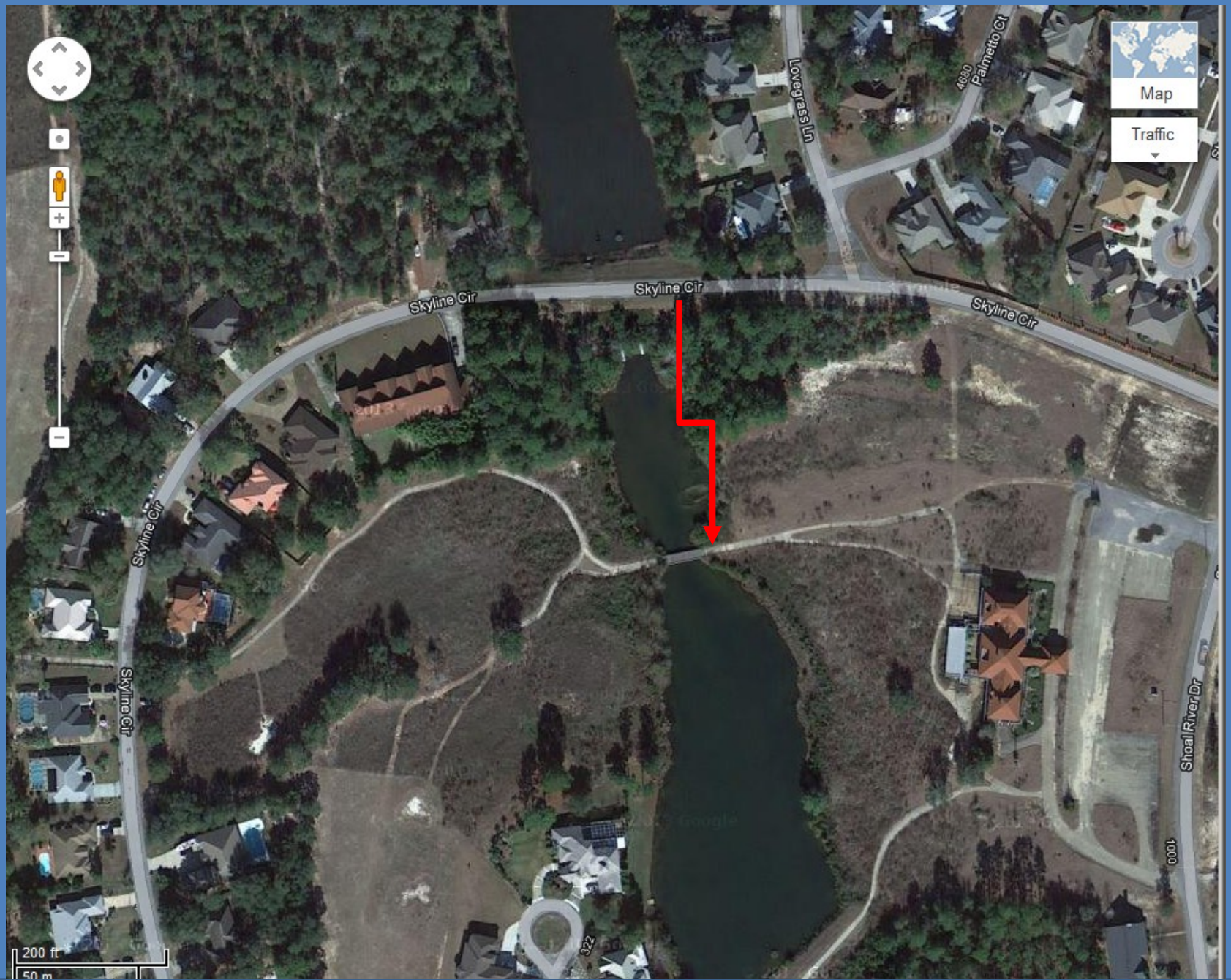
1) Letter to Homeowners
2) Minutes from March 4
3) Minutes from March 25 (executive session)
4) Committee Reports
5) New Business
   a) Bylaws requirement concerning voting on increase in dues
   b) When are assessments due?
   c) Lakes and Dams update
   d) Beautification
   e) Newsletter
   f) Florida Senate Bill 580 – FL Statute changes
   g) Treasurer
   h) Summary/Changes

6) Homeowner Questions/Feedback

Lakes and Dams update

1. SRHOA actively pursuing ownership/deed to lakes and dams
2. Revision to survey needs Board discussion/decision
   a) Easement Issues
3. Complete document signing
4. Engineering work/seek permits for maintenance of riser
5. Initiate maintenance by end of year??
6. No firm cost data yet


Map
Traffic
Skyline Cir
Timberline Dr
Shoal River Dr
Nechako Ct
Capri Ct
Kolima Ct
Gavernie Ct
Lynn Brook W
Scenic Ct
Top Flight Dr
Dunlop Ln
Titleist Ln
Pinnacle Point Dr
200 ft
100 m


Skyline Cir
Skyline Cir
Skyline Cir
Skyline Cir
Skyline Cir
Lovegrass Ln
Palmetto Ct
Shoal River Dr
Map
Traffic
200 ft
50 m


Map
Traffic
Lovegrass Ln
Lovegrass Ln
Lovegrass Ln
4680
Palmetto Ct
Skyline Cir
200 ft
50 m

Shoal River Homeowners' Assoc.

May 6 2013

Agenda

1) Letter to Homeowners
2) Minutes from March 4
3) Minutes from March 25 (executive session)
4) Committee Reports
5) New Business
   a) Bylaws requirement concerning voting on increase in dues
   b) When are assessments due?
   c) Lakes and Dams update
   d) Beautification
   e) Newsletter
   f) Florida Senate Bill 580 – FL Statute changes
   g) Treasurer
   h) Summary/Changes

6) Homeowner Questions/Feedback

Beautification

1. I want to create a Beautification Committee

2. What low cost improvements can be done to improve the look of the community?

   a) Traffic signs?

   b) Consistent street name signs?

   c) Cul-de-sac drainage curbs?

   d) Additional landscaping?

3. $3000-$4000 for next years budget?

Shoal River Homeowners' Assoc.

May 6 2013

Agenda

1) Letter to Homeowners
2) Minutes from March 4
3) Minutes from March 25 (executive session)
4) Committee Reports
5) New Business
   a) Bylaws requirement concerning voting on increase in dues
   b) When are assessments due?
   c) Lakes and Dams update
   d) Beautification
   e) Newsletter
   f) Florida Senate Bill 580 – FL Statute changes
   g) Treasurer
   h) Summary/Changes

6) Homeowner Questions/Feedback

Newsletter

1. We need at least 2 or 3 newsletters this year
   a) Need help
2. Communicates important plans and developments
   a) Lakes and Dams news
   b) Drive people to the website
   c) Encourage people to use group email
   d) Promote social function?

Shoal River Homeowners' Assoc.

May 6 2013

Agenda

1) Letter to Homeowners
2) Minutes from March 4
3) Minutes from March 25 (executive session)
4) Committee Reports
5) New Business
   a) Bylaws requirement concerning voting on increase in dues
   b) When are assessments due?
   c) Lakes and Dams update
   d) Beautification
   e) Newsletter
   f) Florida Senate Bill 580 – FL Statute changes
   g) Treasurer
   h) Summary/Changes

6) Homeowner Questions/Feedback

Florida Senate Bill 580

1) Changes to HOA statues

   a) Anti-kickback

   b) Director doing business with HOA

   c) Removal of Director if charged with theft of HOA funds

   d) HOA must register with State by Nov 22/13

   e) $4/home/year

   f) Provide services similar to Condo statues

      i. Arbitration

      ii. Declaratory Statements

      iii. Document Examiners

      iv. Election Monitors

2) New law takes effect July 1/13

Shoal River Homeowners' Assoc.

May 6 2013

Agenda

1) Letter to Homeowners
2) Minutes from March 4
3) Minutes from March 25 (executive session)
4) Committee Reports
5) New Business
   a) Bylaws requirement concerning voting on increase in dues
   b) When are assessments due?
   c) Lakes and Dams update
   d) Beautification
   e) Newsletter
   f) Florida Senate Bill 580 – FL Statute changes
   g) Treasurer
   h) Summary/Changes

6) Homeowner Questions/Feedback

Treasurer

1) Please help immediately

2) We use Quickbooks

   a) We provide computer/printer

   b) Will train?

Shoal River Homeowners' Assoc.

May 6 2013

Agenda

1) Letter to Homeowners
2) Minutes from March 4
3) Minutes from March 25 (executive session)
4) Committee Reports
5) New Business
   a) Bylaws requirement concerning voting on increase in dues
   b) When are assessments due?
   c) Lakes and Dams update
   d) Beautification
   e) Newsletter
   f) Florida Senate Bill 580 – FL Statute changes
   g) Treasurer
   h) Summary/Changes

6) Homeowner Questions/Feedback

Summary/Changes

1) Basic understanding in place to take possession of lakes
2) Designated funds in separate account
3) Dual signatures on checks
4) Improved financial reporting/transparency
5) Assessment due date (Jan 30)
6) Newsletters

Homeowner Questions/Feedback