

## **GLADES OWNERS ASSOCIATION MEETING**

**December 30, 2003, 6:30PM, GULF BEACH BAPTIST CHURCH**

### **MINUTES**

The following board members were present: McNitt (presiding), Chambers, Hansen, Lloyd, and Sullivan.

1. Tierra Verde and Golf Village compensation for use of Glades HOA common areas.

President McNitt opened the meeting by first giving a brief overview of packets of information that were given to each board member several days prior to this meeting for their review. He then read aloud two letters from the board attorney, Tim Sloan, which addressed legal issues relative to assessment for both Tierra Verde and the Hombre Golf Village Apartments. Essentially, the Glades HOA will be unable to legally receive compensation from either. Additionally, a letter from Charles Tipton, CPA, was read concerning our 2004 proposed budget and concerns about how the IRS would view substantial reserves in our account carried over from year to year. Mr. Tipton contacted the IRS to confirm and substantiate his finding that excess reserves would not be an issue with the IRS, given our status as a HOA. These letters will remain on file with the Board Secretary.

2. Glades HOA 2004 Budget.

The board discussed the 2004 budget, which indicates we could have a substantial balance to carry over into 2005, if we continue to collect assessments at the current level. This will occur due to several non-recurring expenses that we had in 2003, but, will not be an expense in 2004 or beyond. These expenses totaled \$26,948.00, which were comprised of the settlement of the Prentiss lawsuit, new curbing, computer purchase, security, etc. Everyone agreed we should reduce our assessment income since it was obvious we would be collecting far more than needed. The board reviewed the attorney's opinion (see item #1) that our governing documents give us no claim to assessing Tierra Verde or the Golf Village. Additionally, the board reviewed our CPA's concern (see item #1) that assessing organizations outside the scope of our association (for example, Tierra Verde social memberships) could be viewed negatively by the IRS. The board also reviewed the opinion of our insurance agent (telecom with Board president) regarding our liability in light of these additional assessments. In light of these comments, the board unanimously approved motions to discontinue solicitation and collection of assessments of any kind from these two entities. This will result in a \$3100.00 reduction in collections.

The board then reviewed our current Glades I assessment and determined we could reduce the annual fee from \$200.00 to \$175.00 per lot. This would result in an additional \$6700.00 reduction in collections, but, still leave us with an over \$30,000.00 surplus at the end of the year. Based on current and projected expenses, the Glades II maintenance assessment should remain at \$250.00. All board members agreed that our association should not be in business to make a substantial profit. In light of this consensus, a motion to reduce the Glades I annual assessment by \$25.00 per lot and leave the Glades II additional maintenance assessment at \$250.00 was unanimously approved.

### 3. Board Member Reduction

The board revisited the issue of reducing the size of our board from seven to five. Bert Hansen reported that only four people have committed to running for the board in 2004. Additionally, another person is giving this serious consideration. After a great deal of discussion, a motion to reduce the board from seven to five failed, the vote being three against to two in favor.

The next meeting will be held on Thursday, January 22, 2004, at 6:30pm at Gulf Beach Baptist Church.

Meeting was adjourned at 7:45pm.

Respectfully submitted,

George McNitt, President