

Holley by the Sea
Special Meeting of the Board of Directors
August 28, 2007
6:00 PM

Meeting Minutes

Roll Call

Mr. Walker, Mr. Tierney, Mr. Rogers, Mr. Parker, and Ms. Huckestein were present.

Confirmation of Notice

The meeting was posted properly.

Member Comments

- Mr. Crouch sent the Board of Directors a letter outlining his concerns regarding the budget (see attached).
- Ms. Gallup wants the beach house rebuilt this year.
- Mr. Long stated his reservations regarding the expenditures, by the Association, to employees. He feels the Association is overpaying the employees and that bonuses should not be paid.
- Mr. Peterzen discussed the lights on the basketball court, the holding pond being developed on the recreation center property, the jogging track needing gravel, the gravel roads near the pavilions, the campground need gravel, and disagreed that the beach house needs to be rebuilt this year. He feels that we need to develop additional recreational facilities as the community grows. He believes the covenants need to be enforced better.
- The legal requirement for funding the Repair and Replacement fund was discussed.
- Mr. Laughlin thinks that there has been an erosion in the capital funds. Mr. Laughlin would like to see the Association fund the Capital Improvement fund to look to the future for building a beach house that will be capable of handling the growth of Holley by the Sea.
- A member feels that the neighborhood is going downhill because some members are not keeping their properties in good condition. He feels that the assessments are high enough and that if we continue to raise the dues, we would be driving people out of Holley by the Sea.
- Ms. Crouch would like to have the benches/swings replaced near the Sound.
- Mr. Chase thinks an exorbitant amount of money was spent on the Coral Street entrance and feels it is an abomination.
- Mr. Cockerham is in favor of rebuilding the Repair/Replacement Fund and Hurricane Fund because if we had a natural disaster, we would be in serious financial difficulty.
- Mr. Fraysee thinks a Holley by the Sea Traffic Committee would be a good idea.

New Business

- Mr. Rogers gave a PowerPoint presentation regarding a proposed budget (see attached).
- Ms. Huckestein has reservations about reducing the Architecture Committee to one person.
- Mr. Parker is concerned about accountability for spending. He is also concerned about the amount spent versus the condition of the common properties. He has concerns about the 80/20-part time employees divisions of hours. He feels the employees are not being overseen and need better accountability of their time.
- Mr. Tierney presented a budget proposal (see attached). He recommended that the fees for the campground, youth services, pavilion and screen room rentals, and fitness classes should be raised to at least cover the costs.
- Mr. Walker agrees that we need accountability especially with regard to employees. He would like to see an in-depth study done on the employee payroll. He feels that raising the fees for classes is a good idea but not income the Association can depend on. He also said that none of the budgets presented took into account the fees that are not paid. It is also his belief that the salary you pay the employees directly impacts the quality of employee you get. He feels it is very important that we fund the Repair/Replacement and Hurricane funds to protect the member's investment. He suggested that the Board needs more time before voting on the 2008 assessment.

Adjournment

Open Forum

Sincerely

**Cathy D. Huckestein
Board Secretary
Holley by the Sea**

August 22, 2007

Harry Crouch
7172 Reef St
Navarre, FL 32566

Mr. Craig Walker, Treasurer
Board of Directors
Holley by the Sea Improvement Association
6845 Navarre Pkwy, Navarre, FL 32566

Dear Mr. Walker,

I know you are hard at work to establish various Budget drafts and expense scenarios for discussion at the Budget Meeting on 28 August. As a former Board Member and an Association Member who wants the Association to grow and progress, I have the following recommendations and items for consideration by the Board during their Budget deliberations:

1. Place the \$153,000 plus dollars that the insurance company awarded for replacement of the Beach House in a dedicated interest bearing account so that this amount will increase and be available when the when the membership does want to replace the Beach House. To spend these funds for any reason other than for what the insurance company awarded the funds, could possibly influence future insurable interests.

Additionally, the entire membership of HBTS owned the former Beach House and they also own that \$153,000+. Many members enjoyed personal usage and group usage – and our members should have that opportunity returned to them. If the current BOD does not plan to replace the building, then they should save and increase that money until replacement is feasible.

2. Start with this budget to build up the improvement and building fund. I believe at least \$ 25.00 of each assessment should be placed in this fund. This would equate to over \$ 100,000 and give a good start towards insuring funds will be available in the future for improvement and building. As with Insurance proceeds, this money should be placed in interest bearing securities. If this fund had not been available to previous Boards, after the hurricane, many of the repairs and improvements to association assets would not have been possible, i.e. metal roof on Recreation Center and improvements to Tennis Courts.

3. Put a substantial amount of money in the Repair, Maintenance and Replacement Fund (RMR). This Fund is for exactly what its name implies. This fund is for normal RMR and should NEVER have been used as it was for hurricane.

If hurricane damage expenses exceeded or were not covered by adequate insurance, then the necessary funds should have been recouped by Special Assessment.

Apparently the BOD members felt they were helping to save money for individual members. However, many Homeowners Insurance Companies repay the amount of an Assessment directly to the members of Homeowners Associations for hurricane damage. For those who do not have that option, the legitimate amount of said Association's Assessment may be deductible as an unreimbursed hurricane expense on their Income Tax form.

I believe at least \$ 40.00 - \$ 50.00 of each member's assessment should go to building up this RMR fund. This would yield approximately \$160,000 - \$ 200,000 for the fund.

4. In the past the Association has had a "Social Coordinator" on the payroll with a wage of \$ 12.00 - \$ 15.00 per hour. This Coordinator was supposed to develop, organize and run

Recreation Programs for all age groups for the Association. Few, if any, new programs were developed for children, teens, young adults and older persons other than through the efforts of volunteers.

The total cost to the Association for this position was between \$ 25,000 - \$ 32,000 per year and there seemed to be no real benefit to the Association in new and better programs for our members. I believe our Association Members would benefit greatly, for all age groups, with new and better programs if a School Trained Recreation Professional were hired to run Recreation Center Programs. I believe a trained professional could be hired for around \$ 40,000 which is only \$ 8,000 - \$ 15,000 more than we were paying for a person with no training or background in Recreation who provided little improvement for our members. This equates to about \$ 3.75 per assessment. The General Manager is a business manager; he cannot be expected to fill this requirement.

5. The Association is paying the water Company over \$ 300.00 each month for reclaimed water to fill the ponds on the north side of Highway 98. When the Association begins to accept reclaimed water to irrigate on the south of Hwy 98, the Water Company will forgive this payment (which is scheduled, I believe for 30 years). With a lot of hard work by a previous Board President, Mr. Stevens, the Water Company ran water pipe under Hwy 98 into a pond area provided by the Association. It would be a huge savings to the Association if the BOD purchases and installs a pump and irrigation pipe to use this reclaimed water. I believe the Board should fund at least the start of this action in the 2008 budget. I do not have a feel for the cost to use this reclaimed water, but I know if the Water Company writes off the Association debt there will be a large savings.

6. In addition to the above, I would like to see the following repairs funded and scheduled as soon as possible:

- ✓ a. Completely repave the parking lot by the swimming pool. This lot was patched a year ago and holes are showing thru to the dirt. If it is not repaved before more of the blacktop is cracked or gouged out the paving will be more costly.
- ✓ b. The road to the maintenance building is partially washed out at the corner of the Tennis Courts. If this is not repaved before hard rains begin, it will washout completely thus becoming more costly.

I realize this is a lengthy letter and I hope you will discuss the merits of it with the Board when developing priorities for the Budget Planning meeting.

Sincerely,
Harry C. Crouch

CF
HBTS Board:

President Neal Rogers
Internal VP Priestly Parker
External VP James Tierney
Secretary Cathy Huckstein

General Manager: Paul Williams



Sheet1

Incidental Income

	A	B	C	D	E	F	G	H	I	J
1										
2										
3										
4										
5						2006 Totals			2008 Totals	
6										
7	Tennis Programs					2,064.50			2,100.00	
8	Tennis Lessons					12,171.00			12,171.00	
9	Swim Team					10,796.00			10,796.00	
10	Adult Only Events					6,749.16			6,750.00	
11	Aerobics					8,127.50			10,200.00	From \$4/\$24/\$200 to \$5/\$30/\$250
12	Architectural					17,150.00			17,150.00	
13	Campsite Rental					6,215.00			12,000.00	From \$5 to \$10
14	Fitness Training					610.00			610.00	
15	Locker Room Rental					4,741.00			4,741.00	
16	Pavilion Rental					1,250.00			1,900.00	From \$10 to \$15
17	Screen Room Rental					2,585.00			3,200.00	From \$20 to \$25
18	Swimming Lessons					11,954.00			11,954.00	
19	Taekwondo					22,990.00			22,990.00	
20	Legal Fee Income					6,692.17			6,692.00	
21	Vending Machine Income					1,496.09			1,496.00	
22	Red Cross Classes					3,253.00			3,253.00	
23	Miscellaneous Income					8,421.75			8,422.00	
24	All Other Recreational					558.00			558.00	
25	Youth Activities:					39,481.50			46,755.00	
26		Fun Factory				3,376.00		6,500.00		From \$1.50 to \$3.00
27		Parents Night Out				2,663.50		2,700.00		
28		Before/After School				32,887.00		37,000.00		Flat rate of \$30
29		Misc. Activities				555.00		555.00		
30	Newsletter Income					0.00			21,000.00	
31	Youth Camp					96,022.00			96,000.00	
32										
33										
34						TOTAL			263,327.67	300,738.00



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26		Fun Factory			3,376.00			6,500.00		From \$1.50 to \$3.00
27		Parents Night Out			2,663.50			2,700.00		
28		Before/After Scholl			32,887.00			37,000.00		Flat rate of \$30
29		Misc. Activities			555.00			555.00		
30	Newsletter Income					0.00			21,000.00	
31	Youth Camp					96,022.00			96,000.00	
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34					TOTAL	263,327.67			300,738.00	

Holley By The Sea Improvement Association

Profit Loss Budget vs. Actual

Jan-July 2007

	Proposed Jan - Dec 2008	CPA's
Ordinary Income/Expense		
Income		
Annual Assessment	1,770,375	1,770,375 375 per Lot
Other Income	300,400	300,400
Total Income	2,070,775	2,070,775
Expense		
Administration		
Administration	43,000	43,000
Total Administration	43,000	43,000
Maintenance		
Rec. Center and Equip Repairs & Maint.	105,000	105,000
Contract Maint.		
Swimming Pool	50,422	50,422
Grounds Contract	30,000	30,000
Contract Maint. - Other	2,500	2,500
Tennis Court Maint.	17,000	17,000
Total Contract Maint.	99,922	99,922
Total Maintenance	204,922	204,922
Utilities		
Utilities	203,320	203,320
Total Utilities	203,320	203,320
Other Expense		
Direct Program Expense	56,500	56,500
Education & Training	3,000	3,000
Insurance Property	105,000	105,000
Insurance Special	8,000	8,000
Newsletter Production	45,000	45,000
Other	8,000	8,000
Pest Control	2,000	2,000
Total - Other	227,500	227,500
Real Estate & Personal Taxes		
Real Estate & Personal Property	18,000	18,000
Total Real Estate & Personal Taxes	18,000	18,000
Payroll-Wages		
Payroll-Wages	520,995	580,000
Overhead	156,299	169,800
Total Payroll-Wages	677,294	749,800
Cancellation-Refunds		
Cancellation-Refunds	-	0
Dues & Fees		
Dues & Fees	12,000	12,000
Total Dues & Fees	12,000	12,000
Professional Fees		
Accounting-Audit	14,000	
Legal Fees	150,000	
Professional Fees - Other	15,000	

Holley By The Sea Improvement Association
Profit Loss Budget vs. Actual

Jan-July 2007

	<u>Proposed</u>	
	<u>Jan - Dec 2008</u>	<u>CPA's</u>
Total Professional Fees	179,000	100,900
Security		
Monitoring Fees	1,200.00	1,200
Security - Other	0	0
Total Security	1,200	1,200
Capital Expenditures	50,000	18,000
Replacement Fund Allocation	196,195	492,133
Hurricane Fund Allocation	258,345	
Total Expense	<u>2,070,775</u>	<u>2,070,775</u>
Net Ordinary Income	<u>-</u>	<u>-</u>

Ordinary Income/Expense

Income

Annual Assessment	1,416,600.00	<u>\$300 Per Lot</u>
Incidental Income	300,738.00	
Passive Income	146,330.00	
Total Income	<u>1,863,668.00</u>	

Expense

Administration

General & Admin	8,000.00
Office Supplies	10,000.00
Office Equipment	500.00
Postage	20,000.00
Total Administration	<u>38,500.00</u>

Maintenance

Grounds Contract	30,000.00
Swimming Pool Contract	50,422.00
Contract Maint. - Other	2,500.00
Ground Repair & Maint.	35,000.00
Tennis Court Maint.	17,000.00
Repair & Maint. - Rec Center	40,000.00
Supplies	30,000.00
Total Maintenance	<u>204,922.00</u>

Fuel

Propane - Natural Gas	42,000.00
Total Fuel	<u>42,000.00</u>

Utilities

Electric	65,000.00
Electric - Street Lights	70,000.00
Telephones	12,000.00
Cable/Satellite	1,320.00
Waste Mgt. Services	3,000.00
Water	10,000.00
Total Utilities	<u>161,320.00</u>

Other Operating Expenses

Auto Mileage/Assoc. Vehicle Fuel	4,500.00
Direct Program Expense	<u>56,500.00</u>
Aquatics	3,000.00
Martial Arts	18,000.00
Red Cross Classes	2,000.00
Other	2,000.00
Social	2,000.00
Tennis	1,000.00
Youth	28,500.00
Education & Training	3,000.00
Insurance - Property	<u>105,000.00</u>
Insurance - Special	8,000.00

&"Book Antiqua,Bold Italic"&18Summary of Incidental Income

	2006 Totals	2008 Totals	
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Newsletter Production		<u>45,000.00</u>
Other		8,000.00
Pest Control		2,000.00
Real Estate & Personal Taxes		18,000.00
Security		<u>1,200.00</u>
Total Other Operating Expenses		251,200.00
Payroll		
Payroll - Health		48,000.00
Payroll - Taxes & Admin Fees		87,000.00
Workman's Comp Insurance		34,800.00
Payroll Wages		<u>557,702.00</u>
Aquatics		
Fitness		
Front Desk		
Admin		
Architectural		
Maint./Custodial		
Youth		
Youth - Summer Hires		
Tennis		
Total Payroll		727,502.00
Dues & Fees		12,000.00
Professional Fees		
Legal Fees		85,000.00
Litigation Support	15,000.00	
Collection	20,000.00	
Covenant Violations	30,000.00	
General Violations	20,000.00	
Accounting Services - Audit		<u>15,900.00</u>
Total Professional Fees		100,900.00
Total Expense		<u>1,538,344.00</u>
Net Ordinary Income		325,324.00
Other Income/Expense		
Other Expense		
Replacement Fund Allocation		299,324.00
Reserve Study Update		4,500.00
Tennis Court Sprinkler System Upgrade		3,500.00
Capital Improvement		
Entranceway Finalization		8,000.00
Lawnmower		<u>10,000.00</u>
Total Other Expense		325,324.00
Net Income		<u>0.00</u>