

**BURNT STORE LAKES PROPERTY OWNERS ASSOCIATION, INC.
16500 BURNT STORE ROAD, UNIT #102
PUNTA GORDA, FL 33955-9219**

**ANNUAL MEETING
SATURDAY, OCTOBER 14, 2017**

Held at the Burnt Store Presbyterian Church, 11330 Burnt Store Rd, Punta Gorda, FL 33955

President Rob Hancik called the meeting to order at 9:30 a.m. The following Board members were present: Rob Hancik, President; Karen Bishop, Vice President; Bob Reichert, Treasurer; Joyce Punt, Gerry Laxton, and Rick Mathis Directors-at-Large. Bob Lilley was absent. Sandy Funk, Board Secretary and Community Association Manager was also present, as well as Assistant Deanna Williams.

Calling of the Roll and Certifying Proxies

The President asked the Secretary if there was a quorum. Sandy Funk responded there is a quorum and that the roll was taken either through owner's statements mailed back to the Association or by members registered prior to the meeting. Each Owner's Statement has been validated. The Limited Proxies have been certified, and where so indicated, have been assigned to the appointed representative.

Proof of Notice or Waiver of Notice

The President stated that an Affidavit of Mailing showing that a copy of the Notice of Annual Meeting was mailed on September 5, 2017, to each of the Burnt Store Lakes property owners of record, and directed the Secretary to attach this as part of the Minutes of the Annual Meeting.

Reading and Disposal of Unapproved Minutes

A copy of the Association's October 15, 2016 Annual Meeting minutes was mailed to all property owners of record, and was also made available at the registration table. The President asked if there were any additions or corrections to the minutes. There being none, Mary Ellen Kiss moved to approve the October 15, 2016 Annual Meeting Minutes as written. Paul Green seconded the motion. ***The motion to approve the October 15, 2016 Annual Meeting Minutes unanimously passed.***

Election of Inspectors of Voting

President Rob Hancik informed the membership that the accounting firm of Webb, Lorah & McMillan conducted the validation of the Owners' Statements and the certification and tabulation of the Limited Proxies. President Hancik stated that two employees, Sharon Pisano and Fran Anderson were present to act as Inspectors of the Election for consideration of the budget and carryover of funds as well as consideration of waiver of audit. Bill Kimber moved to nominate Sharon Pisano and Fran Anderson as Inspectors of the Election. Louise Barrett seconded the motion. ***The motion passed unanimously in favor of the nominations.***

Election of Board of Directors

President Rob Hancik indicated the next Agenda item is to elect three (3) new Directors. The Nominating Committee has proposed slate of six (6) candidates. Rob thanked the committee members for their efforts as follows: Karen Bishop, (Chairperson), Fred Boland, Jim Brown, Lesley Rose, and Ginger Story. The resumes of the six (6) candidates were mailed to property owners with the Annual Meeting documents, and copies were made available at the registration

tables. President Hancik announced that the nominees were as follows: David Evans, Edward Fritz, Betty Ingerson, Mary Ellen Kiss, Mark Pennington and Ronald Suci. It was motioned by Dolores Alexander and seconded by Paula Short to nominate the Slate of Candidates designated by the Nominating Committee to serve 2-year terms, which may be followed by a second 2-year term, until their successors are elected and shall qualify. ***The motion passed unanimously in favor of the slate of candidates.*** President Hancik declared the nominations closed and proceeded with the election for directors.

The three (3) candidates having the greatest number of votes would serve as Directors for a 2-year term. President Hancik explained that each designated voting member or Owner's Representative who did not vote by Limited Proxy was given a ballot at registration. Ballots were completed and provided to the Inspectors of the Election for tabulation and voting was closed. The Inspectors of Election were assisted by six volunteers in tabulating the votes: Deb Hancik, Charlene Laxton, Norma Mathis, Kathy Prislipski, Frank Bishop, and Louise Barrett.

While the votes were being tabulated, President Hancik moved to the next item on the Agenda by introducing Geoff Lorah of the accounting firm of Webb, Lorah & McMillan to provide an overview of the financial report of the fiscal year October 1, 2016 through September 30, 2017. Rob stated that Geoff and his dedicated staff have worked with our Treasurer, as well as the office staff in providing us the best possible financial services available. A draft of the Statements of Revenues and Expenditures for this last fiscal year (10/1/16 through 9/30/17) was available as a handout.

Year-End Financial Report

Geoff reported on the financial statement for the fiscal year October 1, 2016 through September 30, 2017. He handed out the draft edition for discussion purposes. He noted that most of the expenditures were close to the line items budgeted. Geoff explained the areas where there were variances. One area is "Interest Income-Assessments". This item dovetails with two others—Adjustment Allowance for Doubtful Accounts, and Bad Debt Expense (under Financial Services). These have to do with the collection of assessments receivable. When real estate activities are improving and there is optimism with the economy, generally the Association receives money through the real estate sales process, where there is still a balance owed on a particular lot—which has been the case the past two years. The Association's assessment receivable balance has decreased and there have been some past assessments that have been collected. Part of the past assessments is interest that has accrued on the balance that is due, as well as lien fees, and in some cases the Association has received reimbursement for legal fees. This is the reason for the significant increase in interest income and also in the adjustment for allowance of doubtful accounts because there will be more receivables collected. There are still some foreclosures and most of the bad debt expense results from the foreclosures or from tax deed sales where the Association does not receive all the money that was in assessments receivable. The amount over the fiscal year is \$7,864.78 (Bad Debt Expense).

Under Office/Administration, Geoff noted the Administrative Credits and Transfer Fees are collected when properties transfer. These items are not budgeted because it is variable from year to year. When real estate sales increase, these line items increase as well. The administrative credits for 2016/2017 were \$11,775 compared to approximately \$9,400 the prior year. The transfer fees received were \$5,425, down from \$6,100 the year before. However, these monies are added to the Associations funds.

Under Legal Expenses, Geoff noted that actual legal services were above that budgeted. However, legal fees were recouped from amounts that has been paid in prior years. Therefore, the actual net legal expenses were under budget.

Geoff moved onto the Maintenance portion of the financial report which is the largest piece of the budget. Total expended under Maintenance was \$444,637.65, compared to \$374,000 the year before. One of the largest increases this year was Aquatic Weed Control at \$171,600 which was up from \$159,000 the prior year. Another large expense was Drainage Work at \$90,018 which was up from \$29,000 the prior year.

Next, Geoff covered the Reserves. Under the Reserve Expense Allocation line item, \$129,152.81 was spent out of the reserves most of which was for infrastructure improvements at \$99,107. The majority of funds were utilized on Park improvements (i.e., pavilion addition).

The net carryover for Operations from the 2015/2016 fiscal year was \$75,119. Approximately \$44,000 of the \$75,119 was needed to balance the expenditures for 2016/2017 fiscal year. He noted that the property owners vote on the carryover of funds each year and that carryover is what helps supplement the assessment monies that are collected. From a statistical standpoint, Geoff noted that 16% of the budget was for Office/Administration; 4.5% for Financial Services, 4.3% for Legal Services; 58.3% for Maintenance; and 16.9% for Reserves. In conclusion, Geoff stated that the Association continues to be financially in a very sound position.

A property owner asked for clarification of what "Other Credits" entails. Geoff explained it includes estoppel fees (requests from a title company or attorney for outstanding assessments and/or deed restriction violations), as well as building application and plan review fees.

Another question was asked regarding carryover funds. Geoff explained that The Association has money that was not spent during a particular year referred to as "carryover" that the membership votes on whether to carry over to the next year or not. If the membership fails to vote favorably to carry over these unspent funds, it becomes taxable income for Internal Revenue purposes. By carrying over excess funds, this money becomes part of the funds for the next year's operations. By IRS rules, theoretically, we are carrying over \$70,000+ which becomes the first monies spent in the new fiscal year, and not considered taxable income for Internal Revenue purposes.

Rob Hancik thanked Geoff Lorah for his report.

State of the Association

President Hancik informed the membership about the need to update our 35-year-old Deed Restrictions and Bylaws. The Board of Directors will review the changes and updates suggested by Pavese Law Firm and bring them to the membership for a vote. He reminded everyone how important this is, as it helps to protect your property values by keeping our community a beautiful place to live.

Our Park Pavilion was also expanded this year as it was needed to meet the growing needs of the community!

Mr. Hancik addressed the increase in the MSBU tax funds to prepare for the future road repaving in our community. The increase went from \$52.00 a year to \$297.00.

Reports of Officers, Directors of Committees

President Rob Hancik introduced the Board of Directors, and then called upon the Directors to give a report on their area of responsibility.

Mechanical & Maintenance: Gerry Laxton is the Board liaison for this committee. Gerry is responsible for soliciting bids for contracts for mowing, landscaping etc. He maintains and purchases all the machinery and keeps logs and inventory on them as well.

Previous contracts have been for three years, but the new contracts starting October 1st are for a two-year period, with Bright View Landscaping mowing the right-of-way's, vacant lots and greenbelt areas. Mario's Landscaping and Tree Service will be handling our landscaping, mowing, fertilizing, weed control and tree trimming in areas such as the Park, right of ways along sidewalks, and fertilize the roundabouts as well as other areas.

Gerry recognized Chris Peabody, who volunteers a lot of his time to help around the community, and noted that we can always use more volunteers!

Gerry also repairs the electrical and lighting problems in the community as needed, as well as purchasing and replacing the nine overhead fans in the Park Pavilions due to Hurricane Irma.

Gerry received and answered several questions from the membership regarding the 2-year versus 3-year contracts, damaged road sign replacement, weeding the sidewalks, etc. He also addressed the 16% increase in the Maintenance contract this year, which had to do with maintaining the Kayak Launch, the new walkway path going into the Park, more areas in the Park, along all the sidewalks, trimming the Washitonians, etc.

Lakes Water Quality: Dave Evans stood in for Bob Lilley who is the Board liaison for Lake Maintenance. Dave has been working with Bob for a while now learning about our lakes and how to maintain them. Dave mentioned the study that was done this past year from Florida's Gulf Coast University, which surveyed our lakes to determine their depths. This was helpful in determining how much herbicides and weed control to use in each lake. Samples were also taken of sediment from the bottom of our lakes to determine how much aeration there is. The more sediment means the less aeration there is. Some lakes need more aeration than others.

Superior Waterways takes care of the aeration systems, compressors and fans. They also provide weed control once a month. Dave reviewed the current aeration and compressor systems that we use.

Clarke Environmental treats the midge flies and mosquitoes with ULV spraying. They also shoot pellets out into the lakes, which is a larvicide that kills the midge flies. Dave explained about the littorals around the lakes; which ones are beneficial and which ones are not.

Dave reminded the membership to keep in mind the wildlife when fertilizing your lawns and landscaping around the lakes. There will be additional restocking of fish in the lakes this year to help control midge larvae.

Dave answered various questions from the membership regarding the alligators in our lakes, the increase in the lakes budget due to aeration, fish restocking, etc. He also explained why some of the aerators weren't working due to flooding from Hurricane Irma.

Architectural Review Committee (ARC): Karen Bishop is the Board liaison for this committee. She noted that her Committee members are Chris Peabody, Andrea Millerschoen, Ginger Story, Fred Boland and Maryanne San Juan. Karen explained that ARC reviews new home building plans, various improvements property owners' request (i.e., fence, enclosure shield, home color changes, pool additions, wells for irrigation, etc.) and makes recommendations to the Board for a final decision. This is done to maintain the standards of the community.

We have a total of 2038 lots of which 192 are multi-family (includes the 10 tracts) and 1,846 single family lots. There are currently 19 condominium buildings totaling 94 units. This past year there were 33 new homes completed. There are currently 13 under construction and awaiting 20 new building applications.

Safety & Preparedness Committee: Rick Mathis is the Board liaison for this committee. A few years ago, Rick started the CERT Team (Community Emergency Response Team) in Burnt Store Lakes. He explained how CERT was created by FEMA around 1985 because of an earthquake in Mexico. There are currently teams in all 50 states as well as 13 countries overseas. We now have 9 members in the community who are CERT trained. If a disastrous event overwhelms our community, we have CERT members trained to assist residents by helping to save and sustain lives until outside help arrives. CERT also assists the Fire Department in case of emergency.

Rick is also a member of the Neighborhood Watch Committee, which is headed by Bill Jinkens and assisted by Louise Barrett. Kudos were given to both for their efforts. Rick noted that there is practically no crime in our area due to their efforts.

Rick, also our Park Manager, gave recognition to Chris Peabody for all of his help this year. Rick noted the new Pavilion, pavers and swing set that are new to the Park.

Rick also recognized Bob Reichert and all the work he did on the swales this year.

Beautification & Enhancement Committee: Joyce Punt is the Board liaison for Beautification and Enhancement. Joyce stated that a new committee has been formed, consisting of Mary Jane Kamper, Bill Kimber, Dawne DePalo and Louise Barrett. Joyce reported that this past year the \$6,000 budget was split between Beautification and the Holiday Decorating Committee, therefore, there is a lot less money in their budget to work with. Lighting was added to the palm trees at the front entrance and roundabouts totaling \$3,400, which used all their budget for the year. With the new budget, they will be enhancing the roundabouts and pork chops, the back entrance at Vincent Ave & Cape Horn as well as the front entrance.

Various questions from the audience were asked and answered regarding the sign at the front entrance.

Communications: Karen Bishop is the Board liaison for this committee. She reported on the ways that information is delivered to the community, one being the Community Information Network (CIN) that is sent out by office staff to those that have given us their email addresses. Another method of communication that we have is through Sunny Martinek, who will relay messages via email from residents that want to get messages out to the community i.e. items for sale, golf outings, missing pets, etc. And, lastly, the publication of the *Heron Herald*. Karen recognized the dedication and efforts Paula Short has put into our Newspaper. Karen also encouraged people to utilize the Association's website to obtain information—Board minutes, deed restrictions, by-laws, forms, policies, bulletin board, calendar, etc. She further stated that our Directory is published once a year and is available to all property owners who have submitted their information and is printed in accordance with current Florida statutes.

The Welcoming Committee was recognized and thanked (Libby Lilley, Jocelyn Honan, Dawn Leeper, Andrea Millerschoen, Ginger Story, and Bev Moeller). This Committee welcomes our new resident(s) twice a year and provides them with useful community and local information. Karen recognized those who organize the Potluck picnics—Diane Ringler and Linda Suci. The picnics are held once a month on Sundays during season. Lastly, Karen noted that the

Community Center is being used frequently by such groups as the quilters, mahjong, bridge, sewing sisters, yoga and various seminars.

Long Range Planning (LRP): Karen Bishop has been the Board liaison for Long Range Planning for the past 3 years. She explained that Long-Range Planning is a set of goals that outline the objectives towards the future of Burnt Store Lakes. This committee manages long range planning for structures, activities and projects within the community. She stated there are several "team" members of this Committee: Bob Reichert, Vic Kapcsos, Marty Leeper, Jack Vogel, along with Chris Peabody and Bill Lewis. Karen noted that the biggest challenge this year was to complete the new driveway leading into the Park from Rio Togas Road. The new pavilion, pavers and swing set in the Park were also put in this year.

Holiday Decorating Committee: The Holiday Decorating Committee, headed by Karen Bishop, is now separate from the Beautification Committee. They will be decorating all the palm trees on Cape Horn Blvd from Vincent Avenue to Burnt Store Road for the upcoming Holiday Season, including the roundabouts. Where there is electric at these areas, the palm trees will be lit.

Drainage Coordinator: Bob Reichert is our drainage coordinator for the subdivision. He noted that the budget for drainage has increased as repairs on the swales haven't been completed in many years.

Bob stated that this year the drainage budget was used to repair the following projects: 1) the Vagabond Swale, which had to be reconstructed due to erosion and lawn mowing. 2) the Sugar and Spice pipeline, that had been installed a few years ago, had popped out of the ground in two places and had to be dug up, reset and concreted back into the ground. 3) 2,500 linear feet of the Muscat Swale also had to be reconstructed due to erosion. This swale will need continuous maintenance. 4) the Belo Court Swale and Nutmeg Swale also had some repairs done.

The next projects will include the Butternut Swale, which is constantly backflowing into the Muscat Swale. He explained all the difficulties that he has encountered with different areas and water flow throughout the community, including the erosion that occurred after Hurricane Irma to Bear Branch Creek inside the Park. Approximately four feet of bank about 50 feet long eroded near the road and must be filled in with riprap to secure the bank.

He shared recent aerial photographs of Burnt Store Lakes taken during a recent flight with Mark Futch.

Other Items:

Rob Hancik updated the residents on the storm debris pickup throughout the community. Public Works will not be able pick up in our area until December or January, therefore, a private contractor was hired to pick up all the debris. This should be completed by the end of November. The funds will come out of our Disaster Recovery Fund that is allocated in the budget each year.

Volunteerism: Rob Hancik took this opportunity to thank all those who volunteer to serve on our Committees including Carl Millerschoen, Dick Sheely, Bob Cook and Mary Olsen who spend many hours to rid our community of the invasive Brazilian pepper trees. Bob Reichert on drainage; Rick Mathis for Park work, etc.

Old Business

President Hancik asked if there was any old business to come before our Annual Meeting. Hearing none, he moved onto New Business.

New Business

Consideration of the Budget and Carryover Funds

The 2016-2017 Carryover of Funds and the 2017-2018 Budget was presented for review and comments. Rob stated the Board has endorsed the proposed Budget and the Carryover of Funds to the next fiscal year, which calls for the annual assessment of \$398.00 per lot. Bob Reichert, Treasurer, discussed various aspects of the new budget. Rob Hancik and Bob Reichert answered several questions on various line items.

Consideration of Waiver of Audit

The Waiver of the Audit was discussed as presented on the ballot for the Annual Meeting as follows: Florida State Statute provides guidelines for financial reporting requirements for Associations whose budget is in excess of \$500,000. An "audit" vs. a "financial review" of our year-end financial statements, is part of said requirements since our budget is in excess of \$500,000. However, in accordance with Florida State Statute, an audit may be waived and a financial review be performed if the majority of those members voting agrees.

Rob Hancik announced the results of the voting, and the membership voted to waived an audit for the 2016-2017 fiscal year financial statement.

Results of the Election of Directors, Carry-Over Funds, Budget and Audit Voting

The Inspectors of the Election indicated that the results were tabulated and President Rob Hancik announced these results along with the number of votes cast (see below). President Rob Hancik further announced that the Proposed Budget and Carryover for fiscal year 2017-2018 was approved as presented, and the Waiver of Audit in favor of a Review for the 2016-2017 fiscal year financial statements was also approved.

Number of Units in Attendance	99
Number of Units Voting by Proxy	388
Number of Units Attending but Voted by Proxy:	<u>17</u>
Total Voting:	470

Proposed Budget and Carryover Results

	<u>Yes</u>	<u>No</u>
Carryover of Funds Approved:	427	16
2017-2018 Budget Approved:	316	126

Waiver of Audit Results

	<u>Yes</u>	<u>No</u>
Waiver of Audit in favor of a Review:	302	140

Director Election Results
Name Votes

Dave Evans	267
Edward Fritz	158
Betty Ingerson	182
Mary Ellen Kiss	147
Mark Pennington	181
Ron Suciu	192

Introduction of New Directors

Rob Hancik read the names of the newly voted in Board of Directors as Dave Evans, Ron Suciu and Betty Ingerson to replace Bob Lilley, Karen Bishop and Joyce Punt, who have completed their terms. He congratulated the leaving Directors on their contributions to our community and thanked the other candidates for serving their community.

Announcements

Paula Short (chairperson) announced the Annual Christmas Dinner Dance will be held on Sunday, December 3rd at the Linkside Cafe. Invitations will be sent via the E-Vite system next week.

Open Forum

No one spoke.

Rob thanked everyone for attending the Annual Meeting and extended an invitation to join us at the Annual Meeting Picnic in the Park. A motion was made by Bob Reichert and seconded by Paula Short to adjourn the meeting at 12:30 p.m. ***The motion passed unanimously.***

Respectively Submitted,

Deanna Williams

Deanna Williams, Assistant to the
Board of Directors

November 27, 2017