

**MAGNOLIA SQUARE  
CONDOMINIUM ASSOCIATION, INC.  
MINUTES OF MEETING OF THE BOARD OF DIRECTORS**

The meeting of the Board of Directors was held on Monday, July 8, 2013, in the Association Office by conference call. Notice of the meeting was posted at various locations within the common property. A copy is attached.

The meeting was called to order by Barb Peacock, President at 2:04 p.m.

**Present:**, Barb Peacock, Jim Cornell, Norm Moffitt, Wayne Jordan and Harry Graham by speaker phone. Managers Joyce Adams and Scott Dvorak.

**Unit Owners present:** Sarah Hengstebeck, Carolyn Sudar and Ardis Rovelstad.

**Approval of Minutes of the May 30, 2013 meeting.**

**Motion, made by Harry Graham, seconded by Wayne Jordan and carried unanimously to approve the minutes as corrected and waive the reading.**

**Treasurer's Report:**

Treasurer Norm Moffitt reported on the financial situation of the Association and stated that the operating account was well funded due to the prepayments of several unit owners. He also reported on the delinquent assessment fees where some have been turned over to the attorney for liens and foreclosures but also stated that approximately \$1,724.00 have not been turned over to the attorney yet, but letter are continuing to be sent out.

He also reported that we have approximately \$102,972 in our reserve account however \$23,000 is owed to Gaylor Engineering for the video of the sewers. We will continue putting in \$7,500.00 monthly for the remainder of the year. \$60,000.00 is budgeted for this year for paving; however it looks like we may have to spend this on sewer work. (copy of the report is attached).

**Budget Process:**

The Board discussed starting the budget process as soon as possible. The Board will work on the reserve portion of the budget and management will have the operating portion of the budget ready for review by the middle of August. A Budget Workshop Meeting will be held when all the information is received.

**Reserve Study:**

President Barb Peacock made a motion to approve Florida Reserve Study and Appraisal to conduct a reserve study for Magnolia Square, Harry Graham seconded the motion.

Discussion was held by the Board to have a professional company complete a reserve study for the Association. Vice President Jim Cornell stated several reasons why he felt the association did not need a reserve study. (copy of this report is attached).

**Motion, made by Barb Peacock, seconded by Harry Graham and carried to approve a reserve study by Florida Reserve Study and Appraisal for a total cost of \$2,400.00. Jim Cornell opposed.**

**Next Scheduled Meetings:**

The next Board Meeting will be held on Monday, August 19, 2013

The Budget Meeting is scheduled for Monday, November 11, 2013

The Annual Meeting is scheduled for Tuesday, November 12, 2013

**Adjournment:**

There being no further business, motion made to adjourn the meeting.

The meeting was adjourned at 2:39 p.m.

Respectfully Submitted

Harry Graham

**Minutes Not Approved**

## JULY 8<sup>TH</sup>, 2013 TREASURER'S REPORT

Operating fund at this point is well funded because we have several unit owners who prepay maintenance and we should be okay until around October when we will probably again experience difficulties paying our bills.

We still have several unit owners in arrears totaling about \$1,724 not including accounts already turned over to the Attorney for collection. Over all our arrears are getting a little better and we will keep on top of them to keep them as low as possible.

As of the end of June we have approx \$102,972 in our Reserve account less approximately 23,000 we owe to Gaylor Engineering and for the Video of our sewers, which would leave us with approximately \$79,972. and we will continue putting in \$7500 monthly which would be an additional 45,000 by year end.

We do have \$60,000 budgeted for this year to do some paving, however, it looks like we may have to spend this on sewer work and when we deduct the \$25,000 for Gaylor Engineering and the camera work on our sewers it only leaves \$35,000.

Respectfully submitted

Norm Moffitt  
Treasurer

## Critique of reasons not to purchase a professional reserve study

1. Do you need a reserve study? Yes. Should have a reserve study every three years.
2. Evaluate options. The three options of a reserve company, reserve software or inhouse was studied last year with the option to do it inhouse.
3. We have an up to date reserve study that is only 10 months old. It covers 30 years and all the components that these three companies are going to report on.
4. What would a reserve company do? They will do a visual walkthrough and advise on the major assets. Painting. Just done! 7 years to go. Nothing to advise. Roads, we have an engineer evaluating the roads, and sewers. Roofs. We know the lifespan of the roofs plus our engineer is qualified to advise us when to replace them.
5. We already have a comprehensive list of other assets on our 30 year plan.
6. We know we are currently underfunded. What are going to do when the Reserve Study company comes back with a massive increase to our assessments?

Where is the money going to come from to pay for the review? We have not budgeted for this study nor are we allowed to use the reserves because there is no line item for it.