

SPRUCE CREEK PROPERTY OWNERS ASSOCIATION, INC.
212-1 Cessna Blvd, Port Orange, FL 32128

MINUTES
REGULAR BOARD OF DIRECTORS MEETING
June 12, 2007

1. **CALL TO ORDER.** President Dawn Sautter called the meeting to order at 7:10 p.m. Other directors present were Alan Baltz, Jack Kihm, Bert Love and Tim Plunkett. With all board members present a quorum was declared.
2. **PROOF OF NOTICE.** David Slayback affirmed that this meeting had been properly noticed.
3. **COMMUNICATION.** The board has received a few verbal comments about the speed control hump.
4. **MINUTES.** The minutes of the May 8, 2007 Board Meeting was presented. Without objection they were approved as presented.
5. **REPORTS -OFFICERS**
 - 1) Jack Kihm – No Report“
 - 2) Bert Love –
 - (1) Jim Halloran of James Moore and Company, CPAs is presently confirming the 2005 auditor with the person who performed it. This is necessary to create starting balances from 2005 into 2006.
 - (2) The 2006 Audit is much more in depth than prior audits and is proceeding, however somewhat slowly.
 - (3) The revision of the computer accounting program to convert line item accounts to the 2007 budget and to be able to produce reports is about completed.
 - (4) A Request for Proposal is being prepared for submission to local accounting companies seeking an accountant to have continuing duties for the SCPOA to replace work being done now by Alan Baltz.
 - (5) The SCPOA manager is preparing a list of SCPOA assets for inclusion in the Reserve Study which has been authorized.
 - (6) A “Directive of the Board of Directors” (Procurement Directive) has been presented to the SCPOA manager delineating rules for the purchase of goods, services and intangibles.
 - (7) The 2007 budget results for the first six months of 2007 will be reviewed in July and any necessary alterations to the budget will be considered at that time.
 - (8) Mr. Love is tracking legislative changes being proposed or considered in Tallahassee.
 - 3) Alan Baltz – Stated that the people working on the 2007 audit are very thorough in their work and the audit will be very detailed. Also, that the conversion of the

books is about completed, that as of June 1 everything is being run on the new books and that Expenses have been fully entered into the new books. What remains are the entry of Income received since mid-April (very little) and recording of Prepaid Expenses for proper reporting on the Financial Reports.

- 4) Dawn Sautter – She and Security Director Keith Sprague met with a representative from the Volusia County Sheriff’s Office to arrange for our temporary use of a Metro Counter (traffic Counting device) which would tell us information about vehicles on the road: speed, number of axels, weight. The information is saved and reports of activity “by the hour” are produced. The unit works with pneumatic hoses across the road and vandals cut the hose within an hour of its installation. The cut hose cost the SCPOA \$100.00 to replace.

COMMITTEES

- 1) Safety and Security Committee – There has been a major gate malfunction in the past week. It turns out that AT&T, when it took over Bellsouth, changed the existing internet protocols and our internet-based communications between the two gate house and the master computer in the POA were interrupted. The necessary corrections to the problem are being installed now.
- 2) Update – Lorraine Wahl. Reported that the Update monthly printing costs will increase by \$300.00 per issue to cover increased paper costs imposed by the printer.
- 3) Children’s Recreation. A reported was received relating the successful events sponsored by this committee. They report having 75 families registered with over 150 children. The committee has asked about liability protection for their members and volunteers relating to the committee’s activities. They also are considering purchase of a “Bounce House” and have asked the board for guidance as to liability issues. The POA Manager is to gather information from the insurance company and report to the Board and the Committee.
- 4) ARC – Roland Marchetti reported that a number of owners are doing work on their homes without securing the necessary and required ARC approvals. He pointed out that there is no working procedure to enforce compliance with the C&Rs; that if an owner does not want to do something even after verbal and written notices there is nothing the POA can do. The Compliance Review Committee was discussed and it was also pointed out that the Board may impose monetary fines of \$100 per day for a maximum of 10 days on owners who do not follow the C&Rs, etc. It was also noted that the collecting of a duly imposed fine would likely require the filing of a lawsuit in Small Claims Court, which would require the hiring of an attorney. Slayback expressed his interest in utilizing the Compliance Review Committee and seeing how it works.
- 5) Airport Committee – Sal DeVincenzo reported that the runway striping project has been completed and the taxiways will be done within the next few days. A notice has been posted that the airport may be temporarily closed in connection with the painting but anyone wishing to land or takeoff will be given approval and any workers or equipment on the runway or taxiways will be cleared.

A question was raised concerning the installation of signage. Larger than usual signs have been posted at the North Gate entry at Taylor Road warning certain types of vehicles that they cannot gain entry to Spruce Creek via that gate. In the past smaller signs have apparently not

been notice by driver and large and heavy trailer trucks, buses, RV, etc., have entered the community. The Board directed that all requests for signage must be approved by the Board.

MANAGER – David Slayback reported

- 1) that the swale along the east side of Country Club Boulevard just North of Spruce Creek Boulevard continues to be driven into by cars turning onto Country Club. The repeated excuse is that the driver “lost control” of the car and drove into the swale. Logically, if the driver stopped at the Stop Sign it is hard to imagine it getting so out of control that it drove 30 feet or more onto the swale. Management proposes that concrete pyramids be considered for installation in the swale along the edge of the affected area to inhibit drivers from losing control of their cars and damaging the swale.
- 2) We have finally had enough rain in the past 3 days to make a judgment as to whether the improvements made to the water management system are working. The road puddling has all but been alleviated. We have installed water runoffs from the road to the swales to help clear the road surfaces. The drainage canals are moving the water quite well and it appears that our plans are working.
- 3) We are making arrangements with Arthur Hull, a licensed PE, and who is retired from Volusia County where he formerly was heavily involved in the county’s road system, to perform work for the POA. His initial tasks will involve the drainage problem at Seclusion and Cessna, and the swale areas by Country Club Drive (west end) and Spruce Creek Boulevard and the area around Slow Flight Drive and Roscoe Turner Blvd.

6. OLD BUSINESS

1. Commercial Assessments. Mr. Love reported that Recreational Vehicle storage income and aircraft Tie-Down income are exempt from taxation if it is charged annually and requires an annual payment. Because some owners do not pay in one annual payment, we should charge interest on the unpaid portion to underscore the point that this is an annual charge. A **motion** was made by Mr. Love, seconded by Mr. Baltz, that starting in 2008, the Association will charge interest for late payment of RV and tie-down storage charges in the exact same manner as it charges interest for late payment of assessments. The users will be notified of this policy at the time of invoicing. The motion was approved unanimously.

2. Tax Liability of Commercial Assessments. Mr. Love reported that he had spoken with Mr. Jim Halleran, the CPA in charge of our audit, and that Mr. Halleran said that annual assessments collected from commercial properties are considered “Exempt Function Income” since they meet certain IRS tests, and thus are not subject to tax. Mr. Love made a **motion** to take the advice of our tax professionals to treat commercial assessments as ‘exempt function income’ when filing Federal Form 1120-H for 2006 and subsequent years. Mr. Love said that Section 528 of the IRS Code does not distinguish between residential and commercial income. Mr. Baltz read from his copy of Chapter 528 which does make the distinction.. Laura Munro pointed out that the C&Rs identify the POA as having both residential and commercial property. Mr. Love was asked to get Mr. Halleran’s opinion in writing.

3. Budget & Finance and Audit Committees Mr. Love deferred this matter until the July meeting.

3. Eagles Crest Assessments. This matter has been referred to the Association's attorney and will be considered on receipt of his response.

7. NEW BUSINESS

1. Donna Baran – RFID Policy and Liability Issues. Donna Baran is a property owner, residing at 1861 Spruce Creek Boulevard E. She told the board that any restriction on an owner's free access to their property is illegal. She demanded certain documents from the Association and was informed to make a written request for documents, provide it to the POA manager and the documents would be provided.
2. Procurement Directive. Handled above under Reports.
3. Accounting RFP (Request for Proposal). Handled above under Reports.
4. Protection of Association Records. A motion was made by Mr. Love, seconded by

Dr. Kihm, that we take the advice of our accounting professionals to require that all official records of the Association be promptly delivered to the Property Manager and kept thereafter at the Association's offices. The records shall not be removed from the offices without a written request approved by the Board of Directors indicating the name of the person removing the records, the specific records being removed and the date the records will be returned. The motion was approved unanimously. Copies of records may be reproduced as necessary.

5. Pavement Engineering. Mr. Love stated that historically the POA has had road studies prepared about every 4 years and that in the past 2 years nothing has been done about road maintenance. He recommended that a company, Vanasse, Hangen and Brustlin, 101 Walnut St., Watertown, MA as fully qualified to perform an analysis of our roads and make recommendations toward a maintenance schedule. The firm also has offices in Florida and is considered expert in the field. Mr. Love offered a **motion** to engage Robert Christman, Director of Pavement Engineering for Vanasse Hangen Brustlin, Inc., to conduct a one day pavement engineering site review at an approximate cost of \$2,000. The motion was not seconded and was withdrawn.

Mr. Love then recommended that the Reserve Study will include a pavement study similar to the 2000 and 2004 studies which would include a paving schedule which we would then follow.

8. OPEN FORUM –

1) The matter of the SCPOA continuing its collection procedures against owners who have not paid annual assessments for years prior to 2006 was raised. Liens have been filed against these owners. The files of those who have had liens placed against them will be turned over to the attorney to proceed to a lien foreclosure. It is noted that the association is received 10% interest on the unpaid balances.

9. ADJOURNMENT – with no further business to come before the board the meeting was adjourned at 9:15 p.m.

Jack Kihm, Secretary