

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

**MINUTES**  
**SPECIAL BOARD OF DIRECTORS MEETING**  
December 18, 2007

1. **CALL TO ORDER.** President Dawn Sautter called the meeting to order at 7:00 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 proper notice of the meeting had been posted.
3. **CONSIDER REQUEST FOR RESTORATION OF SECURITY BARRIER AT EAST END OF ROSCOE TURNER BLVD.** (This matter was carried over from the prior Board Meeting.) The fence at the east end of Roscoe Turner was again vandalized and a large hole made in the fence for people to walk thru into adjoining property. We have received a proposal from AAA Fencing Company to install a new fence made to commercial property specifications. It would be of the heaviest gauge steel available, with vertical posts at 8 foot spacing rather than 10 feet, would have additional supporting wire along the bottom, etc. at a cost of approximately \$2300.00. The Board had requested that PWC get quotes for installation of a cinder block wall to replace the chain link fencing. PWC reported that they have received 2 bids for a cinder block wall of \$24,000 to \$25,000. Such a wall would require installing a concrete base, steel reinforcing rods buried within the wall, and would include a painted stucco finish. The board determined that the earlier proposal for a commercial grade fence is the better choice at this time.
4. **APPOINTMENT OF ELECTIONS COMMITTEE FOR 2008 ELECTION.** The POA manager has proposed that Joan DeVincenzo, Carol Foley, Ann Lowman and Linda Phillips be appointed to the 2008 Elections Committee. A **motion** was made by Tim Plunkett, second by Bert Love to appoint the four women. The motion was approved unanimously.
5. **TRANSFER OF FUNDS FROM THE CAPITAL OPERATING ACCOUNT TO THE OPERATING ACCOUNT.** Bert explained that the \$100,000 in this account was actually Operating Account Funds and but had been placed in this "Capital Operating Account" which was actually an improper label for the funds. He made a motion, seconded Jack Kihm that the \$100,000 be transferred to the regular Operating Account. The motion was approved unanimously.
6. **REIMBURSE OPERATING ACCOUNT FOR EXPENDITURES WHICH SHOULD PROPERLY BE PAID BY CAPITAL OR RESERVE ACCOUNTS.** The accountant has identified \$60,553.55 as expenditures made from the Operating Account which are chargeable to the Capital Account and recommends the money be transferred to reimburse the Operating Account. The Accountant also has identified \$5,800 as expenditures made from the Operating Account which are chargeable to the Reserve Account and recommends the money be transferred to reimburse the Operating Account. A **motion** was made by Bert Love, second by Alan Baltz, to make the above two recommended transfers. The motion was approved unanimously.

7. CONSIDER REQUEST FROM THE CHILDREN'S RECREATION COMMITTEE FOR ADDITIONAL FUNDING OF THEIR ACTIVITIES. Krista Ghaffarian, Chair of the Committee, requested additional funding to support the activities of the committee. Their current annual budget is \$8,000 and they are spending a substantial amount of time and resources in fund raising activities. They would like additional funding so they can devote their time to activities rather than fund raising. A **motion** was made by Tim Plunkett, second by Jack Kihm to increase the POA funding to \$8,000 for 2008. The motion was approved unanimously.

8. CONSIDER REQUESTS BY THE PUBLIC WORKS COMMITTEE FOR MEMBERSHIP VOTE ON ANNUAL MEETING ON FUTURE PROJECTS. Ray Gage, Chair of Public Works, requested Board approval to present 3 questions to the membership at the Annual Meeting. The questions deal with seeking membership approval to refurbish of Windsock Park, to add overhead lighting at the North and South gates and to purchase emergency generators for the POA Offices and South Gate House.

Gordon Millar commented that the Articles of Incorporation and the By-Laws of the Association give full power to the Board to manage the association and membership approval is not needed. Tim Plunkett responded that while Gordon is correct, he for one would rather the owners be involved in making decisions to acquire assets by the POA.

Tim Plunkett said that in his view the Public Works Committee needs to be adequately and properly funded. He pointed out that following the washout of dirt and the protective concrete bags beneath the bridge a contractor had bid some \$30-35,000 to make necessary repairs to protect the area from future flooding damage. In an effort to save money a resident of Spruce Creek offered to help plan a PWC project to make repairs. These plans never actually materialized and PWC (Art Horton) worked up a plan with the gratis help of the POA engineering firm, and proceeded to make the recommended repairs. Right after he finished his work there was a torrential rainfall and the repairs were totally unaffected by the deluge of water. The cost of having Art Horton do the work was \$3996.00.

The 3 questions for the membership vote proposed by PWC were discussed and Jack Kihm suggested that the proposal to be sent to the members should include the maximum projected cost, the ongoing maintenance costs and both positive and negative implications of the project. Jack offered to help with the preparation of the questions. A **motion** was made by Tim Plunkett, second by Alan Baltz, to place the 3 questions on the Proxy for the annual meeting, with the stipulation that all 5 board members must agree on the completeness of the wording of the questions, and that they would note that the funding of any approved projects would be included in the 2009 budget. The motion was approved 4-1, with Dawn Sautter casting the "no" vote.

9. CONSIDER AND APPROVE BUDGET FOR FISCAL YEAR 2008. Bert Love introduced 2 issues still under discussion regarding the 2008 budget:

A. Reimbursement of Health Insurance Premiums for 4 Employees. Mr. Love said that the POA auditor for 2006 said that such insurance premium reimbursements to the employees who maintain their own private health insurance (rather than participating in the POA offered health insurance plan) should be based on documentation to verify the costs and payments of the private

insurance plan and that such documentation could not contain any crossed off (redacted) information on the document, or that the payments could be made directly to the insurer.

Because either of these proposed procedures would be impossible to comply with the Board decided at its December 11, 2007 meeting to pay the reimbursement amounts as “wages” and to gross up the amount to cover taxes to be incurred by the employee with the increase in wages (rather than a simple reimbursement which creates no tax consequence).

Mr. Love recommended that a 1 time salary adjustment for 2007 equal to what the POA is paying each of these 4 employees (annual private health insurance reimbursement plus gross-up for taxes) be made.

Tim Plunkett asked if the adjustment would continue in 2008 and beyond and was told it would not. Mr. Plunkett asked what the cost to the association would be to continue it and Alan Baltz said the additional cost per year would be about \$4,600.00. Mr. Love made a **motion**, second by Alan Baltz, that the proposed salary adjustment to 2007 wages be a permanent adjustment to the base salary of each of the 4 employees and that it continue into future years. The motion was approved unanimously.

B. Mr. Love then discussed the question of salary increases for all employees in 2008. He handed out a comparison of compensation between 2005 (Budget) and 2008 (proposed). There was considerable discussion among the board members, with comment from members in the audience, about average area salaries for the particular employment positions at Spruce Creek, etc. Alan Baltz presented the results of a survey from over 500 Florida Community Associations relating salaries to size of association, annual budgets of Associations, etc., which indicated that the pay scale at Spruce Creek was well below Average. Mr. Baltz proposed that the payroll at Spruce Creek be increased by 2.8% over what the Budget and Finance Committee recommended and that the POA Manager be directly involved in wage increases to all employees. A **motion** was made by Tim Plunkett, second by Alan Baltz to accept Alan’s proposal for an overall 5.8% payroll increase (2.8% increase in addition to the recommended increase by the Budget & Finance Committee), noting that this increase would add \$8.64 to the annual assessment for each lot. Jack Kihm specifically noted that he is opposed to an “across the board” flat increase for all employees and that the Manager is to be involved in apportioning increases. The motion was approved 3-2. (Dawn Sautter and Bert Love voted against the motion.)

C. Mr. Love then gave a summary report on the several sections of the entire budget. A **motion** was made by Bert Love, second by Jack Kihm, to accept and approve the 2008 budget with the previously approved modifications to the Children’s Recreation Committee funding and the Salaries sections. The motion was approved 4-1. (Tim Plunkett voted “no”.)

D. Mr. Love then made a **motion**, second by Alan Baltz, to approve the expenditures enumerated in the Dreux Isaacs Reserve Study detail for 2008. The motion was approved unanimously.

10. ADJOURN. With no additional business to come before the Board the meeting was adjourned at 10:30 p.m..

Jack Kihm, Secretary