

Waterfront on Venice Island Master Association, Inc.

Board of Directors Meeting
July 11, 2012

Minutes

Kim Calla called the meeting to order. Kim also established that a quorum was present. Notices of the meeting were posted in all three elevators 48 hours in advance.

Those attending included: John Paxman, Lori Kowalski, Dan DesPres, Kim Calla, Mike Kaplan, Barry Alberter (by phone) and Vinny Campbell.

Janet Romano and Kathleen Castellano from Florida Shores Bank were invited to the meeting to talk about potential financing options for the clubhouse. Before they began their presentation, a general discussion about the cost of updating the clubhouse plans took place. In addition, questions regarding the governance structure of the Master Association were raised. Of particular concern is whether or not an official vote of the owners is needed to update the plans and to actually build the clubhouse. Sharon Vander Wulp, the Association's attorney, explained at the January 2012 Annual meeting that the 3 Master Association Board members have full decision making power on all Master Association matters. All three Board members feel strongly that a project like the clubhouse, which could cost between 1 and 2 million dollars, requires some type of owner survey to determine how much support exists. The Board must decide on a percentage of owner interest that would provide the needed green light to go forward.

It was also mentioned that a draft letter from the Clubhouse Committee Chairman, Dan DePres, had been written which included a survey. It is the feeling of the Board that any letter to the owners should come from the Board and the letter/survey should be fully vetted by Attorney Vander Wulp so we are in compliance with Florida Condo Law 718.

Kim and Dan reported that informal feelers out to some owners revealed that people are not in favor of a one-time special assessment to build the clubhouse. Janet Romano then began to talk about financing. She indicated that the Association could establish a line of credit against which we could borrow the funds needed to update the existing clubhouse plans. It is estimated that cost could be \$20-50,000.

Janet said that the most convenient way to finance the clubhouse would be for the Association to take a loan for the full amount over a period of time—10 years or longer. Quarterly maintenance fees would be adjusted to reflect an increase in the Master Association portion of the dues each owner pays. The debt service would be covered by the increased revenue stream to the quarterly maintenance fees until the loan is paid off. As units are sold, the debt service would travel with the unit to the new owner.

Janet talked about ratios that the bank would look at in order to approve the loan. 1. There is a loan to value ratio, which is the loan to a unit owner divided by the number of units. This ratio should be under 8%. 2. Another ratio is the debt service as a part of the total maintenance fee. 3. The bank looks at the delinquency rate in dollar amounts as part of the total number of units.

Barry provided an update on the work he and his team have been doing to get the existing Clubhouse plans updated. The plans need to be updated by the architect and the structural engineer. The plans also have to go back to the City of Venice to make sure they are updated to code. The City would have to approve any variances from the original plans, which were approved several years ago. Barry expects to have the final costs to update the plans in 2-4 weeks.

Dan DesPres briefed the group on the efforts of the Clubhouse Committee to date. He indicated that unapproved elevation drawings have been posted in the elevators. Apparently, along the way, the developer made changes to the approved elevations of the clubhouse. Dan also reported that a Committee member, Bill Cronin, suggested that we talk with another design firm to see what they might do for us. A meeting was held with Ed Stroop of Stroop Design & Construction. Ed was interested in seeing the already approved plans for the clubhouse to make suggestions on cost savings and to also help the Board through the approval processes at City Hall.

Barry reminded the Board that his team has done many hours of work behind the scenes to get costs for updating the plans. None of this work has cost the Association anything to date. Barry would like to proceed with additional work to get the plans ready to go to bid by construction firms once approved by the Board. He also would like to involve the Clubhouse Committee in providing input on such things as interior finishes, special features, fixtures, and guidelines on building usage once a construction firm has been selected. Barry also asked the Committee to help get information on the extent of the site development work already completed, including electrical and plumbing. Dan will contact Southern Development to follow up and report back to Barry and the Board.

Mike Kaplan moved and Barry Alberter seconded that the Master Association Board spend \$25-50,000 (exact cost yet to be determined) to complete the updating of the Clubhouse plans to get them ready for construction bids and that no additional firms will be asked to work on updating the existing plans. The Board approved this motion unanimously.

The Board will consider another meeting when Barry is in town in early August. The meeting adjourned at 2:30 PM

Mike Kaplan, Master Association Secretary
Vinny Campbell, CAM