

T.E. BUDGET COMMITTEE MEETING MINUTES

January 19, 2010

Trustee Pam Cole called meeting to order at 10:00 a.m. Attending were committee members Jennie Battaglia, Herb MacFarlane, Bill Secraw, and Rich Jansen (left early due to dental appt.). One resident attended.

Minutes from the meeting of January 12, 2010 reviewed and accepted as read.

Discussion:

- Reviewed Florida Statutes and Florida Sunshine On-Line
- Cannot amend the 2008/2009 budget. We stayed within the overall budget expenditures
- Will need to amend the 2009/2010 budget as we have already used the total amount budgeted for legal fees and will not be able to pay bills toward the end of the fiscal year
- Will need to start accruing for interest to be paid on the loans
- Pam explained how the principal and interest are to be paid
- Discussed interest rates we will be given. Herb thought it was too much. Explained that if we pay the same as banks, people could take the money to banks because it is FDIC insured
- Do we have a license to advertise for outside investors to lend us money? Will check with legal; although we hope to keep the investors to within the park

- Through the first quarter
 - 401% budget increase in legal expenses
 - 100% increase in payroll
 - 114% increase in accounting expenses
 - 264% increase in administration costs
 - 25% the amount that should be in each category

- Income interest was \$74.72 the first quarter
 - Budget amount was \$2,500
 - Interest in December \$32.87

- Miscellaneous increases first quarter
 - 156% marina income
 - 115% facility rental
 - 223% assessment

Bill noted that people want to know, according to our (committee) best estimate, when are we going to run out of money?

Pam shared her belief that we (Park) will get \$130,000 in loan income. She shared figures from Martha showing invested money (from residents) of \$200,000 at 3%, 4%, 5% interest. Attorneys gave figures for expenses through trial -- \$400,000 and \$200,000 for mini trial.

- 2009/2010 budget = \$260,000 litigation expense and \$10,000 Park legal fees

Herb insisted that attorney fees should be separate from legal fees.

In discussion of insurance costs, Pam noted

- Insurance costs will be lower due to \$10,000 rebate and a premium reduction.
- Flood insurance is a separate premium
- Put flood insurance together with liability insurance
 - \$59,000 liability & \$15,000 -- \$20,000 flood
 - each building has separate policy
- Litigation
 - Already spent total for year - \$270,000
 - Without loan & infusion of \$600,000 (loans from residents) by mid February we (Park) will be broke
 - \$870,000 is needed for legal expenses through March plus mini-trial, if needed
- Maintenance
 - By law, before October 2012, will need to overhaul spa drain - \$20,000
- Administration expense includes election and county taxes
Legal notices and outside printing are up

Bill & Herb highly suggest that budget be done without cents – round up.

Herb calculated payback money needed on one million dollars = raise assessment \$779 per unit plus present \$915 (\$1694) to pay off in one year. Need to accrue money for interest expense.

- Need new columns on spreadsheet
 - Accrued loan repayment ----- \$133,333
 - Accrued interest ----- \$ 16,000
 - Income – basically stays the same except for assessment – up to \$1,176,690
 - Needed for expenses -----\$2,145,750

Things to do

- Ø Bill – construct new spreadsheet adding new columns

- Ø Pam – speak with State Auditor, show figures and ask for help
- Ø Pam – redo final amended budget for 2009/2010 with today's date (1/19/10) within 30 days of discovery of trouble

Suggestions & Ideas

- People need to realize financial situation
- People would need to contribute \$117.00 more to stay afloat
- Bankruptcy a possibility – need to consider Chapter 9
- Need to stop doing maintenance for the County
- Curb electrical usage

The committee briefly discussed the cost saving suggestions from residents. See attached from Let's Talk Club, Jim Angerame, and H. H. Splett.

The meeting adjourned at 12:35 p.m. with a motion from Bill and a second from Herb.

Next meeting January 26, 2010 @ 10:30 a.m. in the card room.

Respectfully submitted by,

Jennie Battaglia