

MINUTES

SPECIAL BOARD MEETING

August 13, 2005

Bud Neuhauser, President called the meeting to order. In attendance were Gail Christensen, Matt Grogger, Dell Adams, Zep Macherowski and Reid Potter. Linda Deason was absent.

The Board heard presentations by vendors regarding items of necessary repair in 2006 and reviewed bids and estimates for replacement and/or purchase of necessary items for 2006.

Gulf Coast Builders, Chip made a presentation regarding the necessity of replacement of the master bedroom, ocean facing sliders in Buildings II, III and IV. His report included information regarding the damage being done to the structure of the building by water leaking into the exterior walls of the buildings.

KONE represented by Dean Collins, made a presentation based on our most recent elevator inspection (7/22/05) with recommendations to correct the rust problems in the pits of the elevators in each building as well as other items addressed in the inspection report. He also discussed additional work that is necessary in each building to repair damage due to water intrusion at the elevator landings that has caused warping and additional damage from water intrusion in the elevator shafts that must be corrected next year before the next inspection.

The Board reviewed a proposal for Arnold/Sanders Engineering & Architects for closing in the front facing elevator landings of each building with store front, high impact glass. The proposal had been authorized by the Board in an effort to stop the damage of water intrusion in the building's elevators, as had been recommended by two independent elevator consulting companies over the past five years. Debra Vogt, Property Manager was instructed to obtain two additional bids from glass companies.

The Board reviewed proposals from two companies regarding the installation of a generator in Building I. It was requested that Debra Vogt, Property Manager collect more bids.

Bud Neuhauser, President announced that the audit that was approved by the Board in April 2005 of the association financial records for the year 2004 and the first three months of 2005 was not yet complete. Debra Vogt, Manager stated that she had spoken to Maureen Imanuel, Auditor with Myers, Brettholtz, PA and she said that she could complete the audit within two weeks if she was able to visit with Garry Nees and resolve some questions that were necessary to her the

completion of the audit. Debra Vogt, manager had asked Maureen Imanuel for some important reconciliations for the Board to review at the meeting. Maureen Imanuel prepared a reconciliation of the Bank of the Isles/Edison Bank Account that was used to draw loan proceeds into from the two lines of credit established by the Association in 2004. Maureen also provided a reconciliation of the Reserve Accounts for Buildings I, II, III and IV for review by the Board. Maureen Imanuel prepared a letter of Audit Status to the Board of Directors which stated that "Significant adjustments need to be made to receivables, prepaid insurance, accounts payable, deferred revenue, special assessment revenue, expenses and reserves".

Debra Vogt, Manager prepared preliminary financial statements for the period 4/1/2005 thru 7/31/2005 and a preliminary budget for 2006 stating that these numbers were subject to the adjustments as described by Maureen Imanuel, Auditor.

A motion was made by Reid Potter and seconded by Zep Macherowski to contact Becker-Poliakoff, Attorneys at Law to send a demand letter to Mr. Garry Nees to produce the information requested by the auditor. The motion passed unanimously.

A motion was made by Reid Potter to postpone the six month contractual salary review of Debra Vogt, Manager until October. Mr. Potter stated that since the audit was not completed and Ms. Vogt, in his opinion, was not able to produce the financial information he believed should be available at this time, that the matter be better be discussed in October. Matt Grogger stated that the review of Debra Vogt was not due until October. The motion was withdrawn.

A motion was made for adjournment at 2:30pm and passed unanimously.