

AVALON OF NAPLES CONDO I, A CONDOMINIUM.
MEETING OF THE BOARD OF DIRECTORS
MINUTES

The meeting was held on November 2, 2021, at 5:00 p.m. at the Master Clubhouse, 6910 Avalon Circle, Naples FL 34112, and conference call Listen-in for owners.

1. Call to Order:

The meeting was called to order by Dona Frusher at 5:01 p.m.

Directors Present:

- Dona Frusher.
- Beverly Molitierno.

Also, present:

- Philippe Gabart from Vesta property Services.
- 10 Unit owners.

2. Determination of Quorum and Proof of due notice of meeting:

A quorum was established, and Philippe Gabart gave proof of due notice.

3. Reading and disposal of any unapproved minutes:

A motion made by Don Frusher and seconded by Beverly to approve the draft minutes of 11/20/2020 passed unanimously.

4. President's report:

Dona Frusher reported:

- General review of agenda items prior to meeting.

5. Treasurer's Report:

Robert Carubia reported:

a. September financials review:

- Overall Avalon 1 finances are in good standing.
- Review of financial major expenses.

Delinquencies report.:

- No delinquents:

a. Reserves Pooling method review:

- Association is considering using the pooling method for the Reserves.
- To be approved by owners at the next members' meeting.

Robert Carubia reported:

Under the traditional, straight-line reserve method, required reserve contributions are calculated by using a formula that divides the cost of replacing a particular item by the number of useful years that item has left, minus the reserve funds on hand for that item, with the result being the amount to fully fund that item for the next fiscal year. Each reserve component must be separately funded and must appear as a separate line item in the reserve schedule, which is part of the budget. Absent a majority vote of the unit owners, monies for each separate reserve item can only be used for that particular reserve item.

Under a cash flow funding of condominium reserves, often referred to as the "pooling" method of reserve funding, each reserve item is still separately funded, but the money is put into one account. The reserve schedule computation is a bit more complicated and typically needs to be prepared by an accountant or reserve consultant. The basic theory is that the association attempts to predict the year a particular asset will require deferred maintenance or replacement, and a mathematical formula is then applied to calculate required contributions for each year. In theory, the money should be available when needed, with a lower contribution than required using the straight-line method.

A pooled reserve fund, once created, can be used for any reserve item in the pool as the need arises as opposed to having to take an annual owner vote for inter-fund spending when the straight-line method is used. In other words, absent the creation of a pool reserve fund, we could not, for example, use money in the painting reserve to pay for reroofing unless a successful vote of the unit owners is obtained.

The main benefit of pooled reserves is greater flexibility in how the money is spent. However, the same result can be accomplished by taking a yearly vote to permit the use of reserves for a non-scheduled purpose. There are a few negative aspects of pooled reserves, however. First, the formula is complicated and would have to be calculated by a professional. Second, since the funding is predicated on anticipated asset failure many years into the future, an imprecise science at best, there can be substantial underfunding if the actual cash flow deviates from the assumptions in the formula. As a result, there may be a greater likelihood of the need to adopt a special assessment down the road.

Since we currently use straight-line reserve account, we would need approval of the unit owners (i.e., a majority of the owners who vote at a meeting where a quorum is

attained) to put that money into the "pool." Once the vote to switch to pooled reserves is successful, no further votes would be required in future years and the association could continue to operate under the pooling method.

6. Committee Report:

a. Landscaping:

- Review of proposed planting around the building.
- Lake treatment and maintenance.
- Consideration to reduce volume of aquatic plants in the lake.
- Current conditions of retention ponds.
- Review of proposals to replace existing plants within the ponds.
- Mulch application scheduled for mid-November.

b. Communication:

- Website is active and Association information posted for owners to refer to.
- Volunteers needed to prepare the monthly newsletter.

7. Manager's Report:

- Review of Guest parking rules and procedures.

8. Old Business:

a. Rules and Regulation revisions:

- AV3 has adopted new rules and regs.
- AV2 and 1 will need to consider amending their rules as well to be in sync with AV3.

b. Amendments Master Declaration Section 19.4.

- Review of proposed amendment to Master and sub-Associations. To be presented for owners' consideration at the next annual meeting.
- Amendments to section 19.4 of the Declaration which would allow the Association to recover its attorney's fees and costs from an owner that will not comply with the governing documents after they have been notified and given the opportunity to comply and still refuse to do so.
- Sections 6.1 of the Avalon I, II, III Declarations require 67% of the membership to approve these amendments.

a. 2022 Proposed Budget Approval:

a. 2022 Proposed Budget Approval:

- Review of the proposed 2022 budget and procedures for preparing the draft.
- Comparison with AV2 and AV3 provided.
- Line by line analysis.
- Increase noted with insurance and other utilities.

A motion made by Dona Frusher, and seconded by Beverly, to approve the 2022 proposed budget with annual assessment per unit of \$6,252.00 as presented passed unanimously.

b. Wayne Fire Sprinklers revised proposal:

- Fire prevention maintenance agreements were renegotiated with vendor--Wayne Fire Sprinklers, to be inline with the other sub-Associations and save money.

A motion made by Dona Frusher, and seconded by Beverly, to approve the revised Fire prevention maintenance agreements from Wayne Fire Services as presented passed unanimously.

c. Papson reserves study proposal:

- All Associations have agreed to perform a reserves study, including Avalon of Naples 1, in 2022 to reevaluate the current reserves.
- Proposal from Papson, Inc. will complete the work for a cost of \$1,575.00. Discussion ensued.

A motion made by Dona Frusher, and seconded by Beverly, to approve the proposed Reserves study agreements from Papson Inc. as presented passed unanimously.

d. Upcoming annual meeting update:

- The Association Annual meeting is scheduled for 12/13/2021.

9. Adjournment:

With no further business to discuss, a motion made by Dona Frusher and seconded by Beverly Moliterno, to adjourn the meeting at 6:15 p.m. was unanimously approved.

Respectfully submitted by
Philippe Gabart, CAM