

**SANDESTIN OWNERS ASSOCIATION, INC.**  
**BOARD OF DIRECTORS MEETING**  
**June 16, 2011**

**MEETING MINUTES**

Board Members Present:           Dave Stowe, President  
                                          Kent Lillie, Vice-President  
                                          Hollis Risley, Secretary  
                                          Rusty Decker, Treasurer  
                                          Andy Salmon, Director  
                                          Ken Lloyd, Director  
                                          Don McQuade, Commercial Representative  
                                          Joe Bracciale, Commercial Representative  
                                          John Russell, Declarant Representative

SOA Staff Present:                 Sandy Matteson, Executive Director  
                                          Danielle Weller, Executive Assistant/ HR Admin  
                                          Robin Sedor, Director of Finance  
                                          Tom Cooper, Director of Security  
                                          Kyle Ray, Director of Property Services

The Sandestin Owners Association, Inc. Board of Directors held a meeting June 16, 2011, in the Sandestin Owners Association Main Conference Room, Sandestin, FL.

**CALL TO ORDER**

Dave Stowe, President, called the meeting to order at 8:29 a.m.

**ESTABLISH QUORUM**

Sandy Matteson, Executive Director, acknowledged that a quorum was established with 9 Board members present.

**DISPOSITION OF PREVIOUS MINUTES**

Kent Lillie made a motion to approve the proposed minutes dated May 19, 2011, with no changes. Ken Lloyd seconded the motion and it carried unanimously.

**COMMITTEE REPORTS**

**Finance Committee**

Robin Sedor, Director of Finance, reviewed the May Financials provided in the Board Packet. They are available for review at the SOA office.

Joe Bracciale noted that real estate sales are up from 2010 between 39-40% and anticipates this continuing.

**Investment Policy Statement**

Ken Lloyd reminded the Board that the Finance Committee reviews the policy annually to recommend updates as needed. During the Committee's review, discussion ensued regarding the low rate of return on our current investments due to the economy. Alternate investment options were discussed for the monies in Reserve accounts that are not considered needed for near term operations (barring unforeseen events).

Brian Haugen and Steve Cann from Raymond James were present to address any questions or concerns from the Board. The Board reviewed the changes as presented in the copy of the Investment Policy provided at the meeting. (Copy on file at the SOA office.) Some of the main changes were as follows: Under "Investment Time Horizon", change the overall investment time horizon to be "0-5 years" from "0-36 months". Under Allowable Assets, change item three to read, "Mutual Funds and ETF's that invest primarily in income-based securities or Cash Equivalents as allowed in this statement." Under Prohibited Assets, change number one to read "Common Stocks" rather than "Stocks" and number two to read "Mutual Funds owning predominately common stocks and/or derivatives."

Rusty Decker made a motion to adopt the Investment Policy with all proposed changes. Kent Lillie seconded the motion.

Further discussion occurred regarding the motion. The dialog focused on investment strategy changes not adding risk to our invested funds. Ken Lloyd explained that while the proposed changes provide additional alternatives, the main objectives of the policy remain the same: safety, liquidity, and then yield.

The motion was revisited with all voting in favor except for Andy Salmon who abstained.

### **Spay and Stay Funding Request**

This topic was tabled until the July Board meeting to provide time for the Finance Committee to discuss the funding request at their next month's meeting and provide a recommendation.

### **ARB Committee**

#### **ARB Guidelines**

Kent Lillie reviewed the updated ARB Guidelines and provided the Board with an executive summary, outlining significant changes. The summary is available for review in the SOA office.

Discussion occurred regarding several changes and concerns. The Board agreed to wait to vote for approval until counsel was consulted on some key issues.

*The resolution regarding approval of the proposed ARB Guidelines occurred after Executive Session. Please refer to Page 5.*

### **Maintenance Committee**

#### **Liming of Club Drive Lake**

Andy Salmon advised the Board that Club Drive Lake (Burnt Pine holes #16 and #17) is in need of liming to improve water quality and prepare the two lakes for the Fish Management Program. This will be funded out of the operations budget and does not require Board approval.

#### **Fountain Lake Issue**

Andy Salmon informed the Board that there is a severe algae and odor problem in one main area of the lake at The Fountains. Normally, the weed harvester is the ideal instrument in removing algae; however, the area is too shallow. The lake maintenance staff attempted to use chemicals to remove the algae, but it failed. According to the SOA consulting engineer, the only solution is to dredge the lake; however, the existing seawall footer is not deep enough and would require extension with sheet pile to ensure stability. The wall is owned by The Fountains HOA and the lake is owned by the SOA. Estimated cost for stabilization of the

seawall and dredging is \$80k-90k. Mr. Salmon advised that the Committee is bringing this issue to the Board's attention as they feel it will need to be addressed in the near future; however, the Maintenance Committee is not ready to make a final recommendation until additional information is available including financial responsibility and liability.

The Maintenance Committee will continue to research and present the Board with a recommendation when all information is available.

### **Traffic and Safety Committee**

Hollis Risley informed the Board that there is a concern regarding transportation after 11:00 pm in the Village. This is a security issue as it leads to people walking around property until late hours. Once there is no longer parking in the Village, patrons are directed to park at Horseshoe Bayou Parking Lot where they then take the Sandestin Golf and Beach Resort tram into the Village at no cost. This tram stops operating at 11:00 pm, requiring late night patrons to utilize Sunshine Shuttle, cabs, or walk if they have expended all of their funds or not willing to pay for transportation. John Russell explained that Sandestin Golf and Beach Resort can provide additional transportation if CNL will agree to pay for this service. Sandy Matteson informed the Board that she and Tom Cooper met with Jennifer Fitzgerald from CNL, and although CNL is discussing this issue, Sandy feels that a letter from the SOA Board explaining the security concerns may assist in this issue being resolved quicker. Mr. Risley recommended that the Board send a letter this week to CNL and Intrawest requesting transportation be extended to accommodate patrons leaving the Village after 11:00 pm.

Don McQuade questioned how Sunshine Shuttle is functioning and Sandy Matteson informed the Board that the shuttle service is doing well on the weekends, but under the new route system, it struggles financially on the weekdays.

### **Transportation Committee**

Hollis Risley informed the Board that the Traffic and Safety Committee has formed a subcommittee to research solutions regarding 2012 transportation. The two transportation licenses issued this year will expire on December 31, 2011. The Subcommittee will be preparing a draft policy regarding resort transportation to be brought to the Board for consideration. The intent for 2012 is that one transportation service be utilized resort wide.

Mr. Risley expressed concern regarding the lack of standardization in regards to taxi fares being charged to guests on property. He advised the Board that the subcommittee will research solutions to this issue as well.

Mr. Risley informed the Board members that Tom Salmon is the Chairman of the Transportation Subcommittee with four other members serving.

### **Beach Parking**

Tom Cooper advised the Board that Memorial Day Weekend went smoothly with minimal parking challenges.

### **Nominating Committee**

The members of the Board reviewed the Duties of the Nominating Committee Guidelines and the Qualifications of Class A Candidates for Nomination and Election Guidelines provided in the Board packet. Sandy Matteson noted two additional changes on the Duties of the Nominating Committee on page two,

insert a space between “advise” and “the”, and on page three, section nine, add “shall be disqualified” to the end of the third sentence.

Hollis Risley made a motion to approve both updated “Duties of the Nominating Committee Guidelines” and updated “Qualifications of Class A Candidates for Nomination and Election Guidelines”. Rusty Decker seconded the motion and it carried unanimously.

#### **Appointment of Commercial Nominating Committee**

Don McQuade reminded the Board that Joe Bracciale’s term ends on December 31, 2011, which will create a commercial seat vacancy on the Board. The Commercial Election will run parallel to the timeline of the Class A election; therefore, a Commercial Nominating Committee must be ratified by the Board.

Don McQuade made a motion to appoint John Russell, Rusty Decker and Don McQuade to serve as the Class B Nominating Committee members. Hollis Risley seconded the motion with all voting in favor, except for Rusty Decker, who abstained.

Don McQuade made a motion to adopt “Qualifications of Class A Candidates for Nomination and Election Guidelines” as Class B Guidelines by changing the title to read “Class B” instead of “Class A”. Hollis Risley seconded the motion and it carried unanimously.

#### **Managers Report**

Sandy reviewed the Manager’s Report provided in the Board package and is available for review in the SOA office.

### **OLD BUSINESS**

#### **Preserve Drainage Improvements**

Dave Stowe requested that the Preserve Drainage project approved at last month’s meeting be revisited as the Board may not have fully understood the scope or intent of the project.

Mr. Stowe reminded the members that the recommendation by Ryan Cleveland, SOA’s consulting engineer, and the Maintenance Committee at last month’s meeting included repositioning the drainage pipes between lake 50 and the wetland, clearing the debris in the wetland area, and establishing a clear channel to permit water to exit the wetland more efficiently.

Ken Lloyd made a motion that the approval from the May 19, 2011 Board meeting for the Preserve Drainage project be rescinded. Rusty Decker seconded the motion.

Andy Salmon reviewed the project again and the SOA’s engineer’s recommendations..

Discussion ensued regarding just fixing the pipes in lake 50; however, this would leave the water in the wetland without an adequate means to drain during and after a storm. The previous study indicates the water should run unimpeded through the wetland, which is not the current condition. Since the lots along this area are not developed, access to complete this project at this time is ideal. Andy stressed the fact that the Board should accept the recommendation of our engineer.

Hollis Risley pointed out a concern that after a storm when the Bay backs up into the wetland the water stands for months, not days, which kills the vegetation in the area. He feels this project would improve this condition.

A vote of the motion to rescind the May 19, 2011 motion was taken with Ken Lloyd, Rusty Decker, & Don McQuade voting in favor and Hollis Risley, Kent Lillie, Andy Salmon, Joe Bracciale and John Russell opposing causing the motion to fail.

### **Beach Conduct Rule**

The proposed Beach Conduct Rule was included in the Board packet that outlined recommended changes from Michelle Anchors since the last review. Consideration for approval was tabled in order to allow time for the Beach Committee to review counsel's comments and conclusions.

### **NEXT MEETING**

The next Board of Directors meeting will be held July 21, 2011 at 8:30 a.m.

*At 11:20 a.m., the Board went into Executive Session with the SOA's legal counsel, Michelle Anchors.*

*At 12:35 p.m., the Board reconvened.*

### **ARB Guidelines**

Discussion continued regarding the revised ARB Guidelines. With assistance from legal counsel, the Board reviewed and resolved each of the following issues.

Lake Buffer – Discussion occurred regarding the proposed six-foot buffer to be installed along the lake area. Rusty Decker expressed concern that communities that were partially built out would have an inconsistent look as some home sites would have the natural landscape buffer and others would not. Agreement was made that neighborhoods would recommend the buffer; however this could not be made mandatory in the Guidelines. It was also agreed that the Sandestin Investments would encourage the golf courses to comply. The proposed change in language is “recommend all lakes have a six foot natural buffer with landscape material as approved by the ARB” for all new and existing construction. All new development would be required to have a six-foot buffer around the lake area.

Yard Art – Due to multiple instances of yard art noncompliance throughout the property, the ARB is recommending some homes be “grandfathered” until the property is sold or conveyed. Sandy suggested that there be a compliance walk-thru on some homes at time of closing to ensure that yard art is removed if there are ARB Guideline violations. Joe Bracciale agreed that the only time to do this would be as part of the closing process. Per counsel, ARB needs to select a date and then let all owners know of change of policy regarding yard art. They may make exceptions or “grandfather” in those items of yard art approved by the ARB.

*Joe Bracciale left meeting at 1:07 p.m. Quorum still present.*

The Board discussed additional language regarding variances in the proposed ARB Guidelines, as noted by Dave Stowe. It was agreed that all submittals must identify all variances being requested and approval of a variance does not establish precedence when considering future submittals with similar requests.

Dave Stowe requested additional language in the ARB Guidelines that explained that consideration of any submitted plans would be subject to compatibility with the neighborhood and surrounding area. Kent Lillie stated that this provision would be added to the Guidelines.

Kent Lillie made a motion to approve the proposed ARB Guidelines as amended. Rusty Decker seconded the motion and it passed unanimously.

**ADJOURNMENT**

With no further business brought before the Board, at 1:29 p.m., John Russell made a motion to adjourn the meeting. Rusty Decker seconded the motion and it passed unanimously.

Respectfully submitted,

Hollis Risley,  
Secretary

Transcribed by: Danielle Weller