



BOARD MEETING MINUTES

The Coronado Cays Homeowners Association held a Board of Directors meeting on Thursday, February 22, 2007 in the Grand Caribe Room.

Board members in attendance and constituting a quorum were:

Tony Orfila, President	Blue Anchor Village
Dan Harrigan, Vice- President	Trinidad Village
Sue Gormican, Secretary	Bahama Village
Stuart Landersman, Director	Antigua Village
Rudy Dew, Director	Green Turtle
Ken Irvine, Director	Jamaica Village
Bill Dorr, Director	Kingston Village
Jack Shriber, Director	Port Royale Village
Greg Gerding, Director	Montego Village

Assistant Directors:	Bob Shugert, Treasurer, Asst. Director	Blue Anchor Village
	Dick Barck, Assistant Director	Kingston Village
	Gail Donahue, Assistant Director	Green Turtle Village
	Rita Sarich, Assistant Director	Trinidad Village
	Carol Warren, Assistant Director	Port Royale Village

Absent:	Tom Braden, Director	Mardi Gras Village
	Rolf Yngve, Assistant Director	Bahama Village

Staff Present were: Larry Peterson, General Manager
Sandie Carrington, Administrative Asst.
Jon Epsten, CCHOA Attorney

EXECUTIVE SESSION:

President Orfila called the Executive Session meeting to order at 1:00 p.m.

- I. Legal
 - A. Ltr dated 2/6/07 Re: Village Budgets
 - B. Ltr dated 2/1/07 Re: Michaelson
 - C. Ltr dated 2/8/07 Re: Gauthier
 - D. Waterway Litigation- J. Epsten

II. Covenant Enforcement Report:

- A. 8053- Blue Anchor
- B. 2004- Green Turtle
- C. 5049- Trinidad

III. Other

- A. Montego Bay Marina Access
- B. Letter dated 2/16/07 – 39 Montego
- C. Personnel

I. REGULAR SESSION

President Orfila called the regular meeting to order at 2:00 p.m. and welcomed everyone to the meeting.

He briefed the public on topics discussed in executive session. He reported the Board will go back into executive session at the conclusion of the open session.

II. Recognition of Guests:

Councilman Ovrum was present and asked for questions from the Board. Hearing none. He thanked the Board for the invitation to the board meeting.

Fire Chief Raddatz reported the purchase of new equipment continues to move forward. Delivery date is 12 months from the date they place the order. The Fire Department is looking into combining services with the Imperial Beach and Coronado. No decisions have been made as of yet. Once the Departments complete their research and discuss the benefits for Coronado it may be presented to the City Council.

Officer Mark Stahl from Coronado Animal Control Services, may be contacted via the Police Department (619) 522-7371. Some of the services provided: dogs running at large, dog or cat bites, picking-up injured animals, checking for licenses, barking dog complaints, cats may run at large. Dogs attacking another dog owners must take injured dog to the vet for documentation and report to Officer Stahl as soon as possible. There are coyotes on the strand. They don't pick up possums.

III. Oral Communications:

Ella Croshier, 25 Blue Anchor- Submitted a letter regarding deletion of Section 90.10.100 paragraph C.

IV. Board Minutes:

A motion was made by Director Irvine and seconded by Director Gerding to approve the February 22, 2006 Board meeting minutes. Motion carried unanimously.

V. AECC Approvals:

A motion was made by Director Orfila seconded by Director Shriber to approve the action of the February 15, 2006 AECC minutes with the exception of Items E3- 66 Port of Spain – Table, need more clarification from AECC as to the exact location of the grill and F.- Table Kingston solar tube issue awaiting legal review and Kingston patio expansion, the Board asked Epsten to respond on the solar tubes and the patios. Motion carried unanimously.

VI. Committee Reports:

- A. Landscape Committee: No action taken.
- B. Docks and Channel Committee: No action taken.
- C. Insurance Committee: No action taken.

VII. Correspondence:

- A. In-coming
Letter dated 1/29/07 Re: March
Letter dated 2/14/07 Re. Shriber
Letter dated 2/9/07 Re: SDPTA

- B. Out-going
None

VIII. President's Report:

President Orfila reported that last Tuesday the City Council reviewed the proposal to the Specific Plan for Port Royale's Egret Model. The Board has unanimously approved this amendment on several occasions dating from May 25, 2006 to January 25, 2007. We had many supporters and many spoke in public session. Prior to the meeting Mr. Tony Pena, Community Development Director, called myself and Larry Peterson to discuss a proposed last minute change to the amendment suggested by Councilman Monroe removing "any modification" and adding "except for the Egret model" to 90.10.100 Section C paragraph 2. At the City Council meeting Tony Pena spoke on behalf of the City staff recommending approval of our Amendment. President Orfila gave a brief history of how the amendment began and the process. He assured the City Council that the proposed amendment was the official position of the Association and all applicable laws, rules and procedures for the Cays and the City had been followed including an advisory vote, which was not required. Homeowner Kevin Foley presented the technical aspects and Bud Webb, AECC Chairman and Jon Epsten answered questions from Council Members. After the CCHOA homeowners Lou Milliot & Vernon Fry made their presentation in opposition to the proposed amendment. After much discussion the City decided that the language needed clarification in paragraph 2 of 90.10.100 and came to the understanding that the current code as written allows expansion on the second floor of non-Egret models in the village resident zone. The City Council requested the language be clarified by the City staff and reviewed at the next Council meeting on March 20, 2007. The clarifying language was included in the Board's original proposal and the City asked that be removed due to confusion. We were just asked to clarify it again. On March 20 we expect the language and proposed amendment to be approved, just short of year of when it was first initiated.

XI. Treasurer's Report:

Treasurer Shugert read the Finance Committee Minutes of January 22, 2007.

Several months ago Mr. Shugert indicated that he would try to be more transparent and more communicative about the CCHOA Finances. Because of my background in finance I am use to terms such as NET GAINS, PROFIT, SURPLUS and. DEFICIET. Pam Norwood, our CCHOA accounting supervisor is also use to those same terms. In the last several months she and he in our financial reports to you have used such terms, particularly the terms net gain or surplus as our Financial Statements indicated that we were below budget in just about every category of expense including most Village budgets. The problem about using net gain or surplus is that it might be construed that we as a non-profit organization are actually showing a profit. This obviously is not the case and so in the future Pam's comments and mine will indicate that we are either over budget which means that year to date expenses exceed year to date budget and if year to date expenses are lower that year to date budget then we will use the term under budget. Since we basically budget on a break even basis it is very positive if I report that we are below budget. With this in mind he can say for the 7th month of our fiscal year, referring to the Combined January 2007 Financial Statement, that we are still **below budget** in the amount of **\$122,425.00**. This is really good news. Our Manager and his staff are doing a great job in holding down expenses.

On a year to date basis the common Administration Financial Statement for the month of Jan 2007 is **below budget** in the amount of \$ **47,472.00**.

Referring to the Common Administrative Budget income is down by **\$10,388.00** due to the loss of budget rental income from the Grand Caribe room. Offsetting this are increases in operating interest and the sale of the electric cars.

Maintenance costs are below budget by **\$16,176.00** due to savings in labor, burden, tools, vehicle expense and small amount in other line items.

Landscape cost are below budget by **\$12,470.00** due to lower special project wages, lower burden, lower tools and parts expenses.

Other Member Services are below budget by **\$21,289.00** due savings in master insurance and water savings.

Security Expenses are below budget by **\$29,658.00** due to lower wages and lower burden. Administrative costs are **over budget** by **\$21,490.00** due to the estimated Income tax payment.

The Common Administration Reserve balance is **\$90,984.00** versus a threshold funding reserve requirement of **\$115, 000**.

As he cautioned at every Board Meeting each Village Director should review their respective budgets and if they are running a deficit that exceeds 10% on a year to date budgeted basis they are required to discuss same with Pam Norwood and Larry Peterson. Fortunately most of our villages are below budget. Also please be aware that the budget process and planning has begun for the Fiscal Year 2007/2008. Each Director should be looking at their respective Village needs to assist in this process.

JAMAICA VILLAGE is below their year to date budget in the amount of \$17,798.00 due to savings in maintenance of \$6,142.00 and landscape expenses of \$12,152.00. Their combined reserve account is **\$170,688.00** and their Threshold Funding Reserve Requirement is **\$60,000.00**.

GREEN TURTLE is below their year to date budget in the amount of **\$8,378.00** mainly due to savings in maintenance and landscaping savings. Their Reserve Balance is **\$52,917.00** and their Threshold Funding Reserve is **\$3,000.00**.

ANTIGUA VILLAGE is over their year to date budget in the amount of \$7,927.00 due to over budget expenses in the maintenance department and landscaping in the amount of \$12,741.00 due to a special project. Their Reserve balance is **\$40,448.00** and their Threshold Funding Reserve Requirement is **\$160,000.00**.

BAHAMA VILLAGE is below their year to date budget in the amount of **\$6,040.00** due to savings in landscape of **\$3,831.00** and other member services of **\$2,468.00**. Their Reserve balance is **\$39,798.00** and their Threshold Funding Requirement is **\$45,000.00**.

TRINIDAD VILLAGE is below their year to date budget in the amount of **\$9,112.00** due to savings in maintenance, landscaping savings and other member services. Their Reserve balance is **\$221,569.00** and their Threshold Funding Requirement is **\$50,000.00**.

KINGSTON VILLAGE is below their year to date budget in the amount of **\$13,403.00**. Maintenance is over budget, but Landscaping expenses and member services are under budget by **\$12,567.00**. They are doing a great job in keeping their expenses down. Their Reserve Balance is a negative **\$23,660.00** and should be positive by the end of the fiscal year. Their Threshold Funding Requirement is **\$150,000.00**.

MONTEGO VILLAGE is below their Year to date budget in the amount of **\$7,808.00** due to savings in Maintenance of **\$7,316.00** and other member services in the amount of **\$1,153.00**. Landscape Expenses are over budget by **\$1324.00** due to a special project. Their Reserve balance is **\$228,195.00** and their Threshold Funding Requirement is **\$80,000.00**.

BLUE ANCHOR VILLAGE is below their year to date budget in the amount of **\$1,774.00**. Their Reserve Balance is **\$26,824.00** and their Threshold Funding Requirement is **\$2,500.00**.

PORT ROYALE VILLAGE is below their year to date budget in the amount of \$37.00. Their Reserve balance is **\$322,609.00** and their Threshold Funding Requirement is **\$35,000.00**.

MARDI GRAS VILLAGE is below their year to date budget in the amount of **\$18,139.00** due to savings in landscaping expenses of **\$16,656.00**. Maintenance expenses are slightly under budget and water expenses are over budget in the amount of \$1,033.00. Their Reserve Balance is \$751,062.00 and their Threshold Funding Requirement is **\$165,000.00**.

CCHOA RESERVE ACCOUNT

As indicated in the Finance Committee Meeting held Monday Jan 22, 2007 the committee decided to terminate our relationship with The NICO March Group at Wachovia Securities, primarily on the basis that we did not utilize their approach in managing our Reserve Account. The committee interviewed Mr. Tim Cusick, a local Coronado Broker who also is employed by Wachovia and decided to move the account to him. I have known Tim for 14 years, worked with him at Smith Barney and have a great deal of respect for his investment expertise. No member of the Finance Committee has an account with Tim.

As of today our Reserve account at Wachovia Securities is valued at **\$2,064,978.27** up from last months **\$1,960,690.00**. We still have a major check outstanding relative to the Jamaica Dock replacement. We reviewed our investment strategy at the finance committee meeting and will continue to invest our funds in short term CD's, U.S. Treasury Bills and Treasury bonds with a maturity structure not exceeding two years. As of today he is anticipating an average yield on the portfolio will be close to 5%.

A motion was made by Director Gerding and seconded by Director Dorr to accept the Treasurer's Report as presented. The motion carried unanimously.

A motion was made by Director Dorr and seconded by Director Harrigan to remove Resolution 06-11 Allocation for Legal Costs be removed and in the future if a Director requests a legal opinion, the General Manager or President of the Board shall inform that Director the cost will be assessed to his/her Village prior to incurring the legal fees. The motion carried unanimously.

XII. Manager's Report

Mr. Peterson reported electrical vehicles were sold for \$8,500 due to expense in batteries, maintenance and repair. The funds were used to purchase a used Chevy pick up. Log articles are due on March 3. A contract has been negotiated for Omega to maintain the nav- aid lights and tire island. Omega continues to rebuild docks throughout the Cays.

XIII. Old Business

A. Reduction of Quorum- Jon Epsten

A motion was made by Director Irvine and seconded by Director Dorr to conduct a vote of the membership to amend the Bylaws reducing the Quorum requirements from ½ to 1/3. The motion carried unanimously.

B. Earthquake Insurance

The Board agreed to NOT pursue earthquake insurance. The motion carried unanimously.

XIV. New Business

A. Delinquent Assessment Report

A motion was made by Director Gerding and seconded by Director Shriber to accept the Delinquent Assessment Report. The motion carried unanimously.

B. Identify Docks from Waterside- Peterson

Mr. Peterson is working on a plan for identify the docks.

C. SCGI Sand Excavation DRAFT Letter

The Board suggested softening the letter.

D. DRAFT Letter to Mayor and City Council

Moved to Executive Session.

XV. Announcements:

President Orfila announced there will be a Special Board Meeting on March 8, 2007 to review the Budget.

The next regular meeting will be held on March 22, 2007 at 2:00 p.m. in the Grand Caribe room.

Meeting adjourned at 4:50 p.m.

Tony Orfila, President

Sue Gormican, Secretary