

NOTICE
BOARD OF DIRECTORS IN PERSON AND ZOOM MEETING
EAST VILLAGE MASTER ASSOCIATION, INC.
THURSDAY, AUGUST 4, 2022
AT THE EAST VILLAGE CARDROOM
11:00 A. M.

MEETING ID: 889-6064-0319 PASSCODE: 950220

AGENDA

1. Calling of the Roll/ Establish Quorum.
2. Proof of Notice of Meeting.
3. Reading and Approval of Minutes of June 9, 2022.
4. Resignations and Appointments.
5. New Business:
 - a. Review of the Current Financial Situation and Funding Options – John Reisinger.
 - b. Discussion and Vote on a Special Assessment Meeting.
6. For the Good of the Order.
7. Next Meeting Date: TBD.
8. Adjournment.

**MINUTES OF THE ZOOM AND IN-PERSON MEETING
BOARD OF DIRECTORS
EAST VILLAGE MASTER ASSOCIATION, INC.
THURSDAY, AUGUST 4, 2022
11:00 A. M.**

Present: Doug Abde, President, John Reisinger, Treasurer, Gary Beck, Secretary, David Gibson, Brian Pederson, Sandra Schoenlien, (Via Zoom), and Bobbie Scott, Directors, Renee Stephan, CPA, Larry Vachon, Maintenance Director, Jim Kraut for Management and owners in the audience.

The meeting was called to order by the President, Doug Abde, at 11:04 A. M. in the EVMA clubhouse, a quorum being present. Proof of notice of meeting, with Notice and Agenda posted at least forty-eight hours in advance, were given. All motions passed at this meeting were unanimously approved by all Directors present, unless otherwise noted.

Reading and Approval of Minutes of June 9, 2022: No action taken.

Resignations and Appointments: None.

NEW BUSINESS.

- a. Review of the Current Financial Situation and Funding Options – John Reisinger: 1). The President, Treasurer, CINC Accountant and Manager discussed the current state of the Association’s finances and answered questions from the Board and owners. A copy of the July financials is attached and made a part of these original minutes. 2). The Board discussed various portions of the legal opinion issued this morning by the Association’s attorney, which is attached and made a part of these original minutes. 3). The Treasurer agreed to provide the Board with financial bullet points showing the current state and year end projections of the Association’s finances, which will be attached and made a part of these original minutes.
- b. Discussion and Vote on a Special Assessment Meeting: 1). The Board discussed scenarios and timing of ways to address the budget shortfall. 2). The East Village Master Association is paid through the sub-associations and not by each individual owner, therefore owners must pay the sub association and then the sub associations pay the Master. This requirement creates an extra layer of payments that could delay the receipt of the money needed to address the shortfall.

MOTION was made by John Reisinger and seconded by Gary Beck to hold a special assessment meeting on September 8, 2022, at 10:00 A.M. to discuss and vote on a special assessment of approximately \$100 per unit to fund the estimated year end shortfall of approximately \$44,000 in the operating and reserve funds, as outlined at this meeting.


For the Good of the Order: Each sub association Board will be provided with a copy of the minutes and attachments from this meeting so that they can inform their owners of the scheduled Master Association special assessment meeting and determine the best way for their association to collect their portion of the special assessment, if approved.

MOTION was made by Gary Beck and seconded by Bobbie Scott that the meeting be adjourned.

MOTION PASSED.

The meeting was adjourned at 11:18 A. M. The next meeting will be held on September 8, 2022, at 10:00 A.M. and will be held in the clubhouse and via Zoom.

Respectfully submitted,



James S. Kraut,
For the Secretary

Keys-Caldwell, Inc.

Financial Report Package

July 2022

Prepared for

East Village Master Association, Inc.

By

Keys-Caldwell

Balance Sheet
 East Village Master Association, Inc.
 End Date: 07/31/2022

	Operating	Reserve	Total
Assets			
Current Assets			
SouthState Bank - OP	\$ 3,076.29	\$ -	\$ 3,076.29
Total: Current Assets	\$ 3,076.29	\$ -	\$ 3,076.29
Reserves			
SouthState Bank - Reserve	-	138,583.69	138,583.69
Due to (from) Reserves/(Operating)	-	22,673.61	22,673.61
Total: Reserves	\$ -	\$ 161,257.30	\$ 161,257.30
Accounts Receivable			
Accounts Receivable	8.32	-	8.32
Total: Accounts Receivable	\$ 8.32	\$ -	\$ 8.32
Other Current Assets			
Prepaid Insurance	11,377.48	-	11,377.48
Total: Other Current Assets	\$ 11,377.48	\$ -	\$ 11,377.48
Other Assets			
Utility Deposit	400.00	-	400.00
Clubhouse	91,641.33	-	91,641.33
Clubhouse Loan Amortization	(73,896.06)	-	(73,896.06)
Total: Other Assets	\$ 18,145.27	\$ -	\$ 18,145.27
Total: Assets	\$ 32,607.36	\$ 161,257.30	\$ 193,864.66
Liabilities & Equity			
Other Current Liabilities			
Insurance Loan	3,410.00	-	3,410.00
Pre-Collected Maintenance Fees	2,577.88	-	2,577.88
Due to Reserves	22,673.61	-	22,673.61
Clubhouse Rnvtn Loan Stonegate	17,895.27	-	17,895.27
Key Deposit	100.00	-	100.00
Total: Other Current Liabilities	\$ 46,656.76	\$ -	\$ 46,656.76
Reserves			
Capital Equipment	-	32,173.73	32,173.73
Tennis Court Reserve	-	725.34	725.34
Paving Reserve	-	11,002.56	11,002.56
Prop Improvements	-	52,670.96	52,670.96
Roof Reserve	-	4,091.64	4,091.64
Pool / Pool Deck	-	29,537.30	29,537.30
Lakes / Retention	-	31,013.42	31,013.42
Reserve Interest	-	42.35	42.35
Total: Reserves	\$ -	\$ 161,257.30	\$ 161,257.30
Equity			
Equity	(7,612.62)	-	(7,612.62)
Total: Equity	\$(7,612.62)	\$ -	\$(7,612.62)
Net Income Gain/Loss	(6,436.78)	-	(6,436.78)
Total: Liabilities & Equity	\$ 32,607.36	\$ 161,257.30	\$ 193,864.66

Description	Current Period			Year-to-date			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
OPERATING INCOME							
Income							
4000-00 Maintenance Fees	\$9,192.63	\$9,197.58	(\$4.95)	\$64,348.41	\$64,383.06	(\$34.65)	\$110,371.00
4025-00 Reserve Income	3,518.37	3,518.75	(0.38)	24,628.59	24,631.25	(2.66)	42,225.00
4050-01 Reserve Interest	5.60	-	5.60	42.35	-	42.35	-
4120-00 Clubhouse Project Income	1,059.00	1,059.00	-	7,413.00	7,413.00	-	12,708.00
4125-00 Clubhouse Project Expenses	(1,153.03)	(1,059.00)	(94.03)	(8,071.21)	(7,413.00)	(658.21)	(12,708.00)
4200-00 Key Fob Income	-	-	-	300.00	-	300.00	-
4250-00 Operating Interest	0.07	0.42	(0.35)	0.45	2.94	(2.49)	5.00
4280-00 Miscellaneous Income	-	63.75	(63.75)	400.00	446.25	(46.25)	765.00
4400-00 Rental Income	-	-	-	350.00	-	350.00	-
Total Income	\$12,622.64	\$12,780.50	(\$157.86)	\$89,411.59	\$89,463.50	(\$51.91)	\$153,366.00
Total OPERATING INCOME	\$12,622.64	\$12,780.50	(\$157.86)	\$89,411.59	\$89,463.50	(\$51.91)	\$153,366.00
OPERATING EXPENSE							
Administrative Expense							
5010-00 Legal Expenses	-	50.00	50.00	-	350.00	350.00	600.00
5012-00 Accounting Expenses	-	14.58	14.58	175.00	102.06	(72.94)	175.00
5013-00 Technical Support	-	100.00	100.00	-	700.00	700.00	1,200.00
5020-00 Management Contract	723.17	723.17	-	5,062.19	5,062.19	-	8,678.00
5101-00 Printing/Postage/Office Supplies	177.89	100.00	(77.89)	1,335.94	700.00	(635.94)	1,200.00
5120-00 Telephone/Internet Expense	361.98	147.67	(214.31)	2,082.05	1,033.69	(1,048.36)	1,772.00
5200-00 Insurance Expense	2,145.51	1,441.67	(703.84)	9,520.50	10,091.69	571.19	17,300.00
5310-00 Licenses & Fees	-	65.58	65.58	736.25	459.06	(277.19)	787.00
5600-00 Personnel - Wages & Taxes	1,855.58	1,916.67	61.09	16,089.96	13,416.69	(2,673.27)	23,000.00
Total Administrative Expense	\$5,264.13	\$4,559.34	(\$704.79)	\$35,001.89	\$31,915.38	(\$3,086.51)	\$54,712.00
General Maintenance							
6010-00 Building Maintenance	-	625.00	625.00	3,233.44	4,375.00	1,141.56	7,500.00
6017-00 Supplies-Buildings	19.55	-	(19.55)	847.18	-	(847.18)	-
6025-00 Clubhouse / Cottage Custodial Cleaning Expense	-	50.00	50.00	570.97	350.00	(220.97)	600.00
6029-00 Supplies-Cleaning	167.70	-	(167.70)	680.89	-	(680.89)	-
6030-00 Fire and Security	1,553.69	441.67	(1,112.02)	5,255.47	3,091.69	(2,163.78)	5,300.00
6040-00 Pest Control	175.00	58.33	(116.67)	628.12	408.31	(219.81)	700.00
Total General Maintenance	\$1,915.94	\$1,175.00	(\$740.94)	\$11,216.07	\$8,225.00	(\$2,991.07)	\$14,100.00
Grounds Maintenance							
6100-00 Grounds Contract	622.76	791.67	168.91	4,359.32	5,541.69	1,182.37	9,500.00
6102-00 Irrigation Maintenance	-	83.33	83.33	256.34	583.31	326.97	1,000.00
Total Grounds Maintenance	\$622.76	\$875.00	\$252.24	\$4,615.66	\$6,125.00	\$1,509.34	\$10,500.00
Pool Expense							
6200-00 Pool Contract	-	41.67	41.67	-	291.69	291.69	500.00
6201-00 Pool Equipment / Repairs	50.00	166.67	116.67	1,343.63	1,166.69	(176.94)	2,000.00
6202-00 Pool Chemicals	857.96	583.33	(274.63)	4,372.66	4,083.31	(289.35)	7,000.00
6203-00 SPA Repairs	-	20.83	20.83	-	145.81	145.81	250.00
6209-00 Supplies-Pool/Spa	109.13	-	(109.13)	606.64	-	(606.64)	-
Total Pool Expense	\$1,017.09	\$812.50	(\$204.59)	\$6,322.93	\$5,687.50	(\$635.43)	\$9,750.00
Lake/Water Management							
6600-00 Lake Management Contract	665.00	781.67	116.67	4,655.00	5,471.69	816.69	9,380.00
Total Lake/Water Management	\$665.00	\$781.67	\$116.67	\$4,655.00	\$5,471.69	\$816.69	\$9,380.00
Utilities							
7100-00 Water / Sewer	268.11	275.00	6.89	2,216.96	1,925.00	(291.96)	3,300.00
7101-00 Trash	207.14	145.83	(61.31)	1,376.64	1,020.81	(355.83)	1,750.00
7200-00 Electricity	609.75	583.33	(26.42)	5,404.73	4,083.31	(1,321.42)	7,000.00
Total Utilities	\$1,085.00	\$1,004.16	(\$80.84)	\$8,998.33	\$7,029.12	(\$1,969.21)	\$12,050.00
Other Expenses							
7900-00 Contingency	-	54.08	54.08	-	378.56	378.56	649.00
7901-00 Supplies-Other	27.95	-	(27.95)	366.59	-	(366.59)	-
Total Other Expenses	\$27.95	\$54.08	\$26.13	\$366.59	\$378.56	\$11.97	\$649.00
Reserve Funding							

Income Statement - Operating
 East Village Master Association, Inc.
 07/31/2022

Description	Current Period			Year-to-date			Annual
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
9700-00 Reserve Funding	\$3,518.37	\$3,518.75	\$0.38	\$24,629.55	\$24,631.25	\$1.70	\$42,225.00
9799-00 Reserve Interest	5.60	-	(5.60)	42.35	-	(42.35)	-
Total Reserve Funding	\$3,523.97	\$3,518.75	(\$5.22)	\$24,671.90	\$24,631.25	(\$40.65)	\$42,225.00
Total OPERATING EXPENSE	\$14,121.84	\$12,780.50	(\$1,341.34)	\$95,848.37	\$89,463.50	(\$6,384.87)	\$153,366.00
Net Income:	(\$1,499.20)	\$0.00	(\$1,499.20)	(\$6,436.78)	\$0.00	(\$6,436.78)	\$0.00

Reserve Schedule
 East Village Master Association, Inc.
 07/01/2022 To 07/31/2022

Description	Prior Balance	Contribution	Expenditure	Transfer	Interest	Ending Balance
SouthState Bank - Reserve	(\$145,022.10)	\$8,162.01	\$0.00	(\$1,718.00)	\$0.00	(\$138,583.69)
Due to (from) Reserves/(Operating)	(\$20,873.24)	\$1,199.63	\$3,000.00	\$0.00	\$0.00	(\$22,673.61)
Capital Equipment	\$31,811.06	\$362.67	\$0.00	\$0.00	\$0.00	\$32,173.73
Tennis Court Reserve	\$3,697.26	\$362.67	\$3,334.59	\$0.00	\$0.00	\$725.34
Paving Reserve	\$10,913.07	\$89.49	\$0.00	\$0.00	\$0.00	\$11,002.56
Prop Improvements	\$55,741.35	\$1,757.03	\$4,827.42	\$0.00	\$0.00	\$52,670.96
Roof Reserve	\$4,016.28	\$75.36	\$0.00	\$0.00	\$0.00	\$4,091.64
Pool / Pool Deck	\$28,727.18	\$810.12	\$0.00	\$0.00	\$0.00	\$29,537.30
Lakes / Retention	\$30,952.39	\$61.03	\$0.00	\$0.00	\$0.00	\$31,013.42
Reserve Interest	\$36.75	\$5.60	\$0.00	\$0.00	\$0.00	\$42.35
	\$0.00	\$12,885.61	\$11,162.01	(\$1,718.00)	\$0.00	\$0.00

Alan E. Tannenbaum
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ATTORNEYS AT LAW**

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FULL-SERVICE COMMUNITY ASSOCIATION AND CONSTRUCTION LAW FIRM
Serving Southwest Florida, Tampa Bay and Central Florida
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August 4, 2022

Via: Email

East Village Master Association, Inc.
c/o Keys-Caldwell
Attn: Jim Kraut
Email: jim@keys-caldwell.com

Re: Borrowing from Reserves

Dear Jim:

I am providing this opinion letter in response to your email to me dated August 1, 2022, in which you requested guidance on behalf of the Board of Directors (the "Board") of East Village Master Association, Inc. (the "Master Association") regarding its rights to borrow from its reserve accounts to pay for operating expenses. Specifically, you advised that the Board is currently using reserve funds to pay for the Master Association's operating expenses, and that because those operating expenses only continue to increase due to rising costs that everyone is experiencing, the Master Association does not have the operating funds to both continue to repay the borrowed reserve funds on the schedule which it has been following and to also pay its ongoing operating expenses. You further advised that there is disagreement amongst Board directors on this issue and presented six (6) questions for which the Board wants legal guidance. I will answer those questions below, however, before doing so, the question that must be answered is whether the Master Association's reserves are statutory reserves, since the answer to that question will provide answers to the questions you have asked me to address.

Florida Statutes Section 720.303(6) contains the provisions which govern the use of reserves in homeowners associations. Specifically, Paragraph (d) of that Section provides for two (2) types of reserves: statutory and non-statutory reserves. In sum, "statutory" reserves are those which were established by a community's developer or later by a vote of the membership of a community, and "non-statutory" reserves are those which were not created in either manner. Not surprisingly, statutory reserves can only be used in the manner provided in the Homeowners' Association Act, while non-statutory reserves are not subject to statutory restrictions, but rather are to be used in the manner provided by the community's governing documents.

Sarasota
1990 Main Street, Suite 725
Sarasota, Florida 34236
(941) 316-0111

Osprey
614 S. Tamiami Trail
Osprey, Florida 34229
(941) 244-0098

By Appointment Only:
Tampa Bay - (727) 287-1018
Ft. Myers / Naples - (239) 215-4131
Orlando - (407) 956-2184

The Master Association's reserves are statutory. Specifically, the original Bylaws of East Village Master Association, Inc. provide in Section 7.01 of Article 7 that the "Common Expenses" which are to be budgeted annually by the Association include "reasonable reserves for purchases, deferred maintenance, replacements, betterments, and unknown contingencies." Presumably, the Association has therefore been budgeting for reserves since it was developed.¹

We now address the six (6) questions which you raised in your email.

1. Can the Board legally take the money from any reserves without a vote, to pay for normal operating expenses?

The answer to this question is no, the Board cannot take funds from the reserves to pay for operating expenses without a vote of the membership approving that action. Specifically, pursuant to Florida Statutes Section 720.303(6)(h), statutory reserves "shall remain in the reserve account or accounts and shall be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a majority vote at a meeting at which a quorum is present." As a result, it follows that the Board unfortunately did not have the authority to borrow operating funds from the Master Association's reserves.

The next three (3) questions which you presented in your email presumed that the Board had the authority to borrow from reserves, knowing now that it did not, we will therefore now address your fifth question:

5. If the answer to #1 is "No," what is your legal opinion as to what they must do to make everything right by year end?

First, the Board will need to hold a membership meeting to correct/ratify its decision to borrow from reserves to pay operating expenses. It is likely that the membership voting representatives are aware of the borrowing from reserves and the Board's reasoning for that action, and as a result will vote to ratify the previous decision to borrow from reserves. That membership meeting should be scheduled and noticed as soon as possible.

Presuming that the Board's decision to borrow from reserves is ratified at the membership meeting, your questions two (2) through four (4) return as issues to be addressed.

2. If they can [borrow from reserves], do they have to pay it back?

The answer to this question is yes, if the Master Association borrows from its reserves, it has to pay back the funds. This is because borrowing does not change the fact that the reserve funds can only be used for the purpose for which they were collected; rather, the borrowing is a only

¹ My conclusion presumes that no new reserve item funds were added after the approval and recording in 2014 of the Association's amended and restated governing documents, since Section 5.5 of Article V of the Amended and Restated Declaration of Covenants and Restrictions of East Village grants the Board the authority to establish additional reserve accounts from that time going forward. If the Board started a new reserve line item since 2014, or establishes a new reserve fund in the future, any such reserve will not be statutory since it was not created by the Developer.

temporary use based on the assumption that the reserve funds will not be needed for their purpose in the near future.

3. If they have to pay it back, is it by year end?

While there may be accounting reasons that make paying back reserves before the end of a fiscal year a recommended practice, legally there is no requirement that the Board pay back borrowed funds in full before the end of a fiscal year. That being said, the Board does need to set a planned re-payment schedule when proposing to the membership to borrow from reserve funds.

4. If it is by year end, can they special assess the sub associations or send out a revised budget to get the money they need?

Although I stated above that the Board does not have to re-pay the borrowed funds by the end of the year, I do want it to know that if it chooses to do so, it can either levy special assessments on the sub-associations or modify the budget. Specifically, Section 5.4 of Article V of the Amended and Restated Declaration of Covenants and Restrictions of East Village states on point as follows:

From time to time during the fiscal year, the Board may modify the budget, and pursuant to such revised budget or otherwise, may upon written notice to the Members, change the amount, frequency and/or due dates of the Assessments. If the expenditure of funds is required by the Master Association in addition to funds produced by the Regular Assessments for Common Expenses, the Board may make Special Assessments for Common Expenses, which shall be levied in the same manner as provided for Regular Assessments for Common Expenses and shall be payable in the in the manner determined by the Board as stated in the notice provided to the Members of any Special Assessment for Common Expenses.

Pursuant to this Section, when the annual budget has been insufficient to pay for the Master Association's costs and expenses, the Board has the authority to either modify the annual budget or special assess the sub-associations. Which now raises your final question:

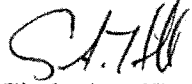
6. Next year's budget will have to increase by the \$36,000 plus the negative equity of almost \$8,000 to just get them back to even without any possible increase in 2023. Does the 15% maximum increase limit apply?

While there are statutory limitations on the percentage by which a condominium association's budget can increase, there are no such statutory limitations on increasing the budgets of homeowners associations. Also, there are no limits on the percentage of increase of the annual budget in the Master Association's governing documents. So, the answer to this question is no.

We hope that this letter has served to answer the Board's concerns in full; however, since these matters can be complex, please let us know if we can be of any further assistance.

East Village Master Association, Inc.
August 4, 2022
Page 4

Sincerely,

A handwritten signature in black ink, appearing to read "C.A. Hill". The signature is stylized with a large initial "C" and "H".

Cindy A. Hill, Esq.
For the Firm

East Village Master Association, Inc.

2022 Appraisal Breakdown

Location		Hazard Appraised Value	Current Hazard Coverage
1	3000 East Village Drive, Venice, FL 34293; Bldg. - Clubhouse	\$ 283,610	\$ 142,413
2	3000 East Village Drive, Venice, FL 34293; Bldg. - Restroom/Shower	\$ 176,512	\$ 141,123
3	3000 East Village Drive, Venice, FL 34293; Bldg. - Office	\$ 212,115	\$ 130,124
4	3000 East Village Drive, Venice, FL 34293; Bldg. - Fitness Center	\$ 201,787	\$ 152,395
5	3000 East Village Drive, Venice, FL 34293; Swimming Pool/Equip.	\$ 135,930	\$ 88,650
6	3000 East Village Drive, Venice, FL 34293; Detached Spa/Equip	\$ 18,918	\$ 30,000
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23			
TOTAL		\$ 1,028,872	\$ 684,705