

**Sparkling Waters Homeowners Association (SWHA)
Annual Meeting
Sunday, April 1, 2012**

Members Represented:

1. Akins
2. Bagnall
3. Bushelle
4. Day
5. Graham
6. Manion (2 lots)
7. Montgomery
8. Nicholson/Rettig
9. Rodriguez
10. Totty

By Proxy:

11. 1st Commercial Bank (2 lots)
12. Franks
13. Gildea
14. Hammons
15. Jennings
16. Johnson
17. Lio
18. Nation
19. Rak
20. Rogacki/Heise
21. Russo
22. Shaw
23. Spolski
24. Spurling
25. Tracy Acree Construction
26. Vellanikaran

Meeting was called to order by President Barry Graham at 2:14 PM.

1. Homeowner Introductions

Covenants, Restrictions and Reservations (CRR) define a quorum as 51% or 22 of the 42 lots represented. With 28 lots represented at this meeting, a quorum has been successfully obtained.

2. Update on Association Activities

A. Landscaping. Common flowerbeds installed during May 2011 work day still look good; need to replace plants lost over the winter. Spring workday to be scheduled based on availability of members.

B. Dock Status

- a. Submerged Land Lease (SLL) is not a fixed annual fee as previously thought. Florida Department of Environmental Protection (DEP) charges a 6% fee/tax on direct and indirect income produced by the transfer or renting of boat slips on the common dock. Slip transfer fee owed to DEP is based on slip's value, not on the sales price. Expect DEP to value boat slips on the common dock at \$25,000 each. Bill Bushelle proposed that slip owners have a committee to investigate slip appraisals. Alicia Graham took an action to email Sen Gaetz regarding House Bill 13 and Senate Bill 88 to exempt Multi-Family Docks from the 6% tax on direct and indirect income. *(Since the April 1st meeting, Alicia Graham learned that HB 13 and SB 88 did recently pass both houses of the Florida Legislature and the bill is awaiting Gov Scott's signature. Alicia shared the status on HB13/SB88 as well as the link to facilitate emails to Gov Scott (<http://www.fhft.org/email.php>) with all SWHA members who have an email address on file. Alicia also emailed Gov Scott, Sen Don Gaetz, Rep Matt Gaetz, Rep Brad Drake, Sen Greg Evers) to respectfully request the governor's signature on HB13 that "begins to address the inequities of the submerged land lease program."*)
 - b. Based on square footage of the common areas vs. slips, SWHA will pay 33% of fixed SLL annual renewal and slip assignees will pay 67%. Those who transfer slip ownership will be responsible for the 6% fee. *(If HB13 is signed into law, transfers and rental transactions that occur after July 1, 2012 will no longer be subject to the 6% tax.)*
 - c. Slip Assignees pay for share of liability insurance
 - d. All 12 slips now have an original signed and recorded assignment and agreement. Two slips transferred ownership in CY2011. Action: Alicia Graham still needs to record Rettig slip agreement with the Okaloosa County Clerk.
- C. Renewed liability insurance through Harris Insurance Services for 2012.
 - D. Re-registered SWHA with State of Florida
 - E. Renewed retainer with Attorney firm, Becker & Poliakoff
 - F. Neighborhood BBQ--last year's BBQ was a great success. Propose to have another in September 2012.
 - G. Tax Return: Filed tax return for 2011, IRS Form 1120-H. No taxes owed, as expenses are greater than interest accrued.
3. Near-Term Activities
 - A. Website Development. Website is out-of-date and will be updated soon.
 - B. Landscaping. Spring workday to be scheduled based on availability of members. Need to: replace plants lost over the winter, spray poison ivy near gazebo, stain/varnish wetlands overwalk, repair overwalk and gazebo (loose boards, replace gazebo roof shingles). Sparkling Waters sign on west end (in front of Rogacki-Heise property) needs repair.
 - C. Regarding Drainage Problems—County says that to fix the drainage problems they will “fix all of it or none of it,” meaning that they will either completely re-establish the swales (ditches) on both sides of Parish Blvd (Waterford Estates side and Sparkling Waters side) that had been filled in by the developers, as well as clean out the clogged drainage pipes under Parish Blvd, or nothing. They will not consider a partial solution. Re-establishment of

the swales means digging up yards of Sparkling Waters homeowners on Parish Blvd. Unknown if the utility easement would prevent a complete re-establishment of swales on Waterford Estates side. Plan is to drop the issue with the county.

D. Re-register SWHA with State of Florida

4. Financial Report

See slides 12-21 of the attachment briefed at the April 1st meeting. At time of minutes publication, 38 of 42 lots are now current through 2010 and 2011 and 33 of 42 lots are current on 2012 dues. There are three properties in foreclosure or expected to be in foreclosure and one delinquency. Unknown when the outstanding dues/fees owed for those three properties will be collected, particularly for the foreclosed properties that also involve bankruptcy. New CRR stipulate that buyers of foreclosed SWHA properties must pay back dues up to a limit specified by Florida Statute 719.108. Homeowners who are having trouble paying their dues can contact the Treasurer to make arrangements for paying incrementally.

5. Proposed Budget

See slides 18-19 of the attached briefing presented at the April 1st meeting. Treasurer recommended increasing the road repair allotment to \$10,000 annually, given that road repaving is estimated to be \$150K and we only have \$57K in the road repair savings account. Roads are already over 14 years old. Given other expenses and allotments, treasurer recommended keeping assessments at \$400 per lot per year.

6. New Business.

A. SWHA BBQ. Association to sponsor annual neighborhood Barbeque in September some time after Labor Day. More to follow.

B. Interest being earned on Road Repair Savings Account is very low. Chris Lio is researching alternatives such as a short-term CD. If the penalty for early withdrawal is low, and the interest rate good on a CD, might be worth to put at least a portion of the road repair funds in a CD.

8. Voting Issues

A. Billy Montgomery made the motion to approve the proposed budget for Sparkling Waters Homeowners Association for April 2012-April 2013. Seconded by Christine Totty. All voted in favor.

B. Ellis Akins nominated the current slate of officers (Barry Graham, President, John Totty, Vice President, Alicia Graham, Secretary/Treasurer, Russ Bagnall, Board Member) to retain their positions. Billy Montgomery seconded. All voted in favor of proposed slate of officers.

C. Lisa Manion made the motion that the next annual meeting be the 3rd Sunday in March, March 17, 2013. Easter Sunday is March 31, 2013. Okaloosa County Schools Spring Break is March 25-29, 2013. Moises Rodriguez seconded. All voted in favor.

9. Next annual meeting is scheduled for Sunday, March 17, 2013 at 2:00PM at 552 Shimmering Lane. President Barry Graham adjourned the 2012 annual meeting at 3:21 PM.

Attachment: Briefing slides presented at April 1, 2012 annual meeting.

Minutes as recorded by:

--SIGNED--

Alicia Graham, SWHA Secretary

Approved by:

--SIGNED--

Barry Graham, SWHA President