

Minutes of Master Management Board Meeting

August 12, 2010

Vice President Dan Glickman called the meeting to order at 9:30 a.m. on Thursday, August 12, 2010. In attendance were: Norm Bloom, Anthony Falco, Dan Glickman, Bill Goddard, Jules Kesselman, Jack Kornfield, Alan Schachter and Mel Schmier, via telephone: Ira Somerset, Dick Ciocca, Gene Goldman, Bob Marcus and Fred Rosenzweig. Not Present: Caryl Berner and Harry Chizeck. Guests present: Al Smith, Executive Director and A.J. Bock, Business Manager

PLEASE NOTE THAT THESE MINUTES HAVE NOT YET BEEN APPROVED BY THE BOD.

(Viewers of this meeting on the internet, CVEDB.COM, can use the time points, below, as reference points.)

(09:33:00) Masuen Consulting – Todd Mohler

Al Smith introduced Mr. Todd Mohler, design consultant with Masuen Consulting who has been contracted to design the irrigation system. Ken Bing from Research Irrigation is also under contract with CVEMM for pre-construction services but was not able to be at this meeting. Research Irrigation is working with us to assure we get the best irrigation design possible. Todd Mohler provided the BOD with an overview of the Company and discussed the 50% design documents that were submitted on August 11. There will be three pump stations in the community; North System, East System and West System. The plans that were submitted cover the entire community. The long term benefits are reduction in maintenance costs - reduced head replacements and intake line cleanouts; reduction in operational costs - reduced fertilization requirements, pesticide application, reduction in mowing; reduced irrigation system operational effort – maintenance crew you are now using might be eliminated and reduction in permitting agencies - potential freedom from SFWMD restrictions. During the transition, the most any area would be without irrigation would be four weeks.

(09:42:40) Todd Mohler answered questions from the Board:

Jack Kornfield made a point that he did not receive a copy of the presentation prior to the meeting; therefore it is difficult to ask questions.

Jack Kornfield: You indicated it takes approximately four weeks to complete each area, how many areas are there?

Todd Mohler: I suggested that in any area in the community, they not be without irrigation coverage more than four weeks during the transition.

Jack Kornfield: How much time will it take to implement the system?

Todd Mohler: Over the next three years.

Jack Kornfield: What are the current costs? Did the Committee members calculate the costs that we are spending to maintain the irrigation system?

Al Smith: Before we present the final design to the Board we will have an ROI (Return on Investment.)

Jack Kornfield: Do we have the actual costs that we are paying to maintain and repair our system?

Al Smith: We have about \$450,000 in operating costs - \$375,000 just to operate the irrigation system using the schedule we are on now plus \$100,000 in parts which is approximately \$550,000 a year plus additional costs. Dan Glickman stated that this is all in the budget.

Jack Kornfield: Can I get a copy of the actual costs and a copy of that breakdown. What do you expect the current system you are putting in to be insured for?

Todd Mohler: That will be developed during the 100% design phase.

Jack Kornfield: Do we have insurance on the current system?

Al Smith: No, we do not.

Jack Kornfield: When a contractor takes over the system and if the system does not operate according to the signed criteria who pays?

Todd Mohler: Currently, Masuen Consulting has a proposal in front of MM to provide construction observation services and each task requires a separate notice to proceed. If the system is not operating as it is intended to, the system will not be signed off on.

Jack Kornfield: Are we paying as we go along to meet your modifications on the design?

Todd Mohler: No, you are paying for Masuen to complete a design on paper; MM will then bid out the design to a contractor; that contractor will do what is in the contract for a certain dollar amount; when the contractor does not do what is in the plans, you need to let him know.

Dan Glickman: We are currently at the 50% design phase, and although these questions are perfectly valid, they are premature because we are only in the design phase.

Al Smith: Some of your questions should be directed to the Irrigation Committee. On a project this size, we will require a performance bond.

Jack Kornfield: Masuen doesn't bear any costs in assuring that the particular design works?

Al Smith: If you are speaking about commissioning the system that is a very expensive process and is not typically done in Florida.

Todd Mohler: If Masuen did something incorrect in the design; that would be a legal matter.

Jack Kornfield: How will you integrate the current placement of landscape into your design?

Todd Mohler: At this point, landscape restoration is not something that can accurately be determined. We will include in the bid a 10% contingency dealing with landscape restoration which was discussed with the irrigation committee. Dan Glickman stated that the documents are available to Board members.

(09:54:45) Norm Bloom: Are there any penalties in place if there is a slip in the target date?

Al Smith: The schedule has slipped about two weeks because of the thorough review of the 50% design documents. There are currently no penalties in place. We were originally scheduled for September 6 to receive the 100% design documents – we are now looking at early October.

Jules Kesselman: Why would the mowing be less?

Todd Mohler: When irrigation is applied incorrectly, the standard property is over-irrigated significantly. Because this system is struggling, you might not see as much of a benefit as with a standard property.

Bob Marcus: I was told on a number of occasions that Masuen would do a cost benefit analysis comparing replacing the whole system to re-using parts of the existing system.

Todd Mohler: It is Masuen's professional opinion that re-using existing equipment that is on the average of 30 years old is not worth pursuing. The irrigation contractor who is under separate contract with CVE, also concurred. The cost it would take to

determine what is salvageable from aged equipment would have already been spent to replace it.

Bob Marcus stated that he was not impressed with the contractor's review of it and his (Mr. Marcus') opinion is that lateral piping and many of the heads could be reused.

Todd Mohler: Our Company does irrigation auditing to determine the efficiency of systems. The average system efficiency is 40%. So reusing something that is 40% efficient and 30 years old does not make economic sense.

Jack Kornfield: Have you ever reused irrigation piping on a system our size?

Todd Mohler: I don't recall any system of this size.

Jack Kornfield: Other than age, have you looked at our system in any other way?

Todd Mohler: Yes, we observed with our eyes as well as received reports on mainline breaks from the irrigation committee.

Jack Kornfield: What do the reports state?

Todd Mohler: The reports stated that CVE is a very typical aged infrastructure.

Jack Kornfield: Are there any soil abnormalities?

Todd Mohler: In South Florida, projects will have sandy soil and calculations determining how many and what size of pumps are taken into consideration.

Anthony Falco: CenDeer recently did some new work on their system, and it is understood that you will be hooking up their systems, so we are re-using some of the systems – pool areas and Clubhouse.

Todd Mohler: Yes, we are.

A five minute recess was taken at 10:06am.

(10:10:30) Open Mike:

Norm Kaplan: stated that he is totally against Al Smith's plan to remove the living bushes along Southwest 10th Street and the perimeter of CVE and replace them with \$72,000 of Cocoa Plum. Some of the areas are almost filled in, so there is no need to remove all of the plants – only the areas that require it should be filled in. Dan Glickman stated that this topic will be discussed during the Executive Director's report.

Roslyn Nehls: Asked if she could have a copy of the petition that was signed by residents asking for the stop at J&J; there are still dead trees around CVE that need to

be removed; would like to receive a copy of the minutes from the last transportation meeting.

Rhonda Pittone: Does not agree in planting hedges if there is no irrigation; would like a copy of the transportation minutes; still waiting to change the East route to Town Center to a later time on Saturdays as well as the stop at Muddy Waters.

(10:16:15) Minutes

Anthony Falco moved to waive the reading of the Minutes of the July 15, 2010 meeting.

Dick Ciocca would like the minutes to be reflected that at approximately 12:11 p.m. the teleconference was accidentally disconnected and Dick Ciocca was unable to connect to the rest of the meeting and that a quorum was still maintained. Ira Somerset e-mailed the Board changes that he would like in the minutes. They will be reviewed and then incorporated into the minutes. The minutes were accepted and approved as noted with the comments indicated. Motion passed 12:1 No vote: Jack Kornfield.

(10:23:45) Financial Report – Norm Bloom

The CVE Master Management Financial Report prepared by Norm Bloom was distributed to all Board members and discussed in detail. For the month of July 2010 the Total Income was \$907,801; Total Expenses were \$772,404; Net Income was \$135,397. YTD Total Income is \$6,308,520. Total Expenses are \$5,568,506; Net Income is \$740,014. Total Assets are \$2,534,796; Total Liabilities are \$1,095,125 and Total Equity is \$1,439,671. Cash on Hand is \$1,755,846; Prepaid Dollars are \$420,632; Overdue accounts receivable from unit owners is \$401,871 representing 555 unit owners.

Jack Kornfield asked if the Treasurer keeps track of the President's discretionary expenditures. Mr. Bloom responded that the expenditures are tracked. Ira Somerset also responded yes and as President he has spent discretionary expenditures on office supplies and other items that were required on an immediate basis. Al Smith stated that Dan Glickman has not spent any discretionary funds since he has been in the role of acting President.

Anthony Falco moved to accept the Treasurer's Report; Jack Kornfield seconded. Motion passed unanimously.

(10:39:55) Presidents Report – Dan Glickman

Dan Glickman mentioned that the BCT is proposing a change in service to the #48 bus. This change affects CVE in that the #48 bus would be eliminated on Sunday only. There is a public hearing on Tuesday, September 14 at 2 p.m. Gene Goldman expressed great concern about this reduction in service. Jack Kornfield reminded Dan Glickman of the following motion that was passed at the April 15 BOD meeting: *Jack Kornfield moved to provide the information as to the current status of litigation that MM is involved in with the content of the case number so that residents can follow it. Dan Glickman seconded. Gene Goldman asked for a friendly amendment to Post on the internet site, only the case number, name of case and name of court. Amendment accepted. Motion passed 13-1.* Dan Glickman stated that he will look into it. Jack Kornfield also mentioned that some time ago, the Board asked Patrick Murphy to look into whether we should have an ethics affidavit – we have not seen what was sent to him nor have we seen a formal reply. Ira Somerset responded that the discussion is not in order at this point. Ira Somerset responded that the information was sent to Pat Murphy and the motion included a statement, “*if he thought it was appropriate to have.*” Pat Murphy has not responded as he’s been busy with other items. Jules Kesselman stated that if BCT has to eliminate one day for budgetary reasons, they should eliminate a weekday as that route is used more on a Sunday than a Wednesday.

(10:48:10) Executive Director’s Report – Al Smith

Al Smith discussed with the Board the current schedule on the irrigation project. The completed construction documents will be received by the beginning of October. At that time, the administration process of pre-qualifying the bidders will begin. Because of the Christmas Holiday, the administration process will go through January 2011, with the construction contractor placed about mid-January. Research Irrigation, the contractor for pre-construction services, provided their estimate and cost at the 50% design phase of \$7,797,553 which does not include FPL costs of three 750 kilowatt transformers, asphalt repairs, landscape restorations and permitting fees. This will increase the total cost to approximately \$9,000,000. The project will have a three year construction period, so there will be an opportunity to proceed on a “pay as you go” basis.

Point of Order was made by Jack Kornfield stating that there was no decision made to go through with this project.

Patrick Murphy, General Council, provided an update on legal matters and it was sent to the Board for their review. This report will be provided to us on a monthly basis.

The invitation to bid was sent out on Monday, August 9 to 29 contractors on the hedge replacement. This project will be completed and priced in four phases. In the last three months, the ficus hedge plants on the West side of the property have recovered very nicely. The South side and North side have not and would be the 1st and 2nd priority then the East as the 3rd priority. Gene Goldman complimented Al Smith on the detail of the information he sent to the Board. The Real Estate Committee reviewed and discussed for approximately three hours, the Policy of Property Ownership Liens and Foreclosures. Al Smith sent the Board a copy in draft form. At this point, they do not have any properties identified as a foreclosure candidate.

(10:56:45) Jack Kornfield moved that no Company or individual shall be eligible to contract with CVEMM, if said company or individual employs an immediate family member of - or a person who is otherwise connected to an employee of CVEMM or a member of its BOD or its committees or volunteers or contractors. Dan Glickman ruled the motion out of order.

Jack Kornfield stated that because we are looking at acquiring properties we also need to look at disposing the properties. We should change the wording in the document to read “dispose of the property”. Point of order made by Gene Goldman that Jack Kornfield’s remarks are out of line and this should have been presented to the Committee. Dan Glickman stated that Jack Kornfield’s comments are out of order because the document was presented as a “draft.” Al Smith asked the Board to forward any comments to him via e-mail and he will discuss them with the Committee.

(11:01:40) Business Manager’s Report - Anthony Bock

Cool Team is scheduling ventilation changes to the Activity Center closet and electrical room; the pulley on a new air conditioning unit at LeClub was replaced and covered under warranty as well as the MM air conditioner. Home and Office A/C Inc. installed new mini split a/c units at the East and West guard houses; wall mounted thermostats in the Activity center and LeClub lobby were replaced with digital programmable thermostats to cut down on electrical costs. New window and door signage was installed at CVEMM, LeClub and Activity Center and an inventory

was taken on the trolley stops and bus benches. Florida Arborist's completed phase one of tree trimming and removal of trees; Seacrest Services completed sod in areas recently irrigated at LeClub, Activity Center and Tilford pool; repairing Durham #6 irrigation pump station. McCabe Construction resolved city violation at Durham X with an expired permit. Signations replaced signs at Prescott and Tilford as well as a damaged sign at Ventnor on the West Drive. Bill Goddard asked AJ to look into installing a blind to block the sun at the West Gate guardhouse. Anthony Falco asked about the status on the sign at the front gate. AJ stated that they are still waiting for the golf course approval. Bill Goddard asked if we have a contract with the golf course stating that they have to attach their sign to ours. Ira Somerset stated that the golf course sign and CVE's sign go together and initially there were permitting issues. The approval and permitting have been approved for some time and it is Signations that is delaying completion. There is no agreement in writing stating that we have to have the golf course sign on CVE's. Dan Glickman asked Anthony Bock to check into the status on when the sign will be delivered and installed by Signations. Norm Bloom asked Anthony Bock if there is a limit on his spending for the above mentioned projects. Mr. Glickman stated that the Executive Director, Al Smith, has the authority from the Board to proceed on these projects as he sees fit.

Anthony Bock explained to the Board a situation in Cambridge D regarding a paving issue. They are in need of repaving their parking lot and would like MM to pay for the center of the road. Al Smith stated that he cannot find any notation in the Board Minutes stating that MM will be responsible for the middle of the road. Mel Schmier stated that there was a legal opinion by our council which stated MM was responsible for the parking streets. Dan Glickman stated that he will provide Al with a copy of the opinion. Ira Somerset mentioned that the legal opinion states MM is responsible for the parking street and would be replaced if the building was replacing the parking lot and the parking street was in very bad condition. Al Smith stated this particular proposal combined with the amount already spent with this vendor and street repairs exceeds \$20,000. If the Board feels that this is a separate job, then this is a non-issue. The Board agreed it is a separate job. Anthony Falco stated that there was a similar situation in Oakridge and they didn't want to pave the parking spaces; a channel was cut and it looks perfectly seamless. Mel Schmier stated that MM has a repair and maintenance easement on every street in the Village – we are responsible

for everything including the parking streets (the part of the building that is not the parking spaces).

(11:29:15) Mel Schmier asked where we stand on road repair. Al Smith stated that the budget was exceeded in road repair and the sealing and striping account has \$50K that was never touched. Mel Schmier stated that there is a \$250K budget item for non-emergency expenses and any funds needed for road repair should be taken from that account. Al Smith stated that a motion is appropriate to move funds from one account to another. Mel Schmier moved to use the funds from the nonemergency account, which has \$250,000, for the paving in Cambridge D. Bill Goddard seconded. Motion passed 10-3 (Yes: Dan, Norm, Anthony, Gene, Bill, Jules, Jack, Fred, Alan, Mel; No: Ira, Dick, Bob)

(11:49:30) Old Business

Caryl Berner, who is on official City of Deerfield Beach Housing Authority business, and was not able to attend this Board meeting, has requested that her resolution be postponed until next meeting. Bill Goddard stated that if the motion was tabled it must be brought up at the next Board meeting or it dies. Dan Glickman moved that we postpone Caryl Berner's motion until the next Board meeting. Jack Kornfield seconded. Gene Goldman stated that her motion can be brought up at the next meeting. Dan Glickman withdrew his motion.

(11:51:45) New Business

Jack Kornfield moved that no Company or individual shall be eligible to contract with CVEMM, if said company or individual employs an immediate family member of or a person who is otherwise connected to an employee of CVEMM or a member of its BOD or its committees or volunteers or contractors. Dan Glickman stated that the motion is not appropriate at this time as it is a complicated issue with no back-up information. Jack Kornfield appealed the ruling of the chair. This was not seconded and the ruling of the chair was upheld.

Gene Goldman asked if Ira Somerset was going to discuss with the Board the motion that he distributed. Dan Glickman asked Ira to bring this motion up under new business at the next meeting. Ira Somerset stated that he will do whatever the Board would like. Gene Goldman asked Ira Somerset to resend the motion to all BOD members so that they can read it prior to the meeting. After a discussion, Mr. Somerset will submit the motion for next month.

(12:01:30) Members' Comments

Jack Kornfield stated that he is surprised that the Board does not appreciate what “nepotism” is.

Dick Ciocca stated that by the next Board meeting there will be a Comcast report for the Board to discuss.

The next BOD meeting will be on Thursday September 16.

Meeting adjourned at 12:05 p.m.

Respectfully submitted,

Dan Glickman