

Palmer Ranch Master Property Owners Association, Inc.
Annual Meeting of the Members
MINUTES
March 26, 2015

The Annual Meeting of the Members of Palmer Ranch Master Property Owners Association, Inc. was held March 26, 2015 at Covenant Life Presbyterian Church, 8490 McIntosh Road, Sarasota, Florida 34238.

Member Representatives present: Dorna Timm of Bella Villino, Stephen Engber of Botanica, Bill Noonan of Deer Creek, Ned Stofco of Huntington Pointe, Cathy Leetzow of Isles of Sarasota, Donald McKee of Marbella, James Atherton of Plaza de Flores, Michael Jerde of Enclave at Silver Oak, Fred Falkner of Vineyards at Silver Oak, Carol Vartanian of Stonebridge, William Altman of Stoneybrook G&CC, Kathrin Harris of Turtle Rock, Jim Wedin of VillageWalk, Bob Holzman of TPC Prestancia, Laura Gilbert of Evalyn Sadlier Jones YMCA, Sue Ambrecht of Palmer Park of Commerce, Steve Jeantet of Covenant Life Church, and Justin Powell of Palmer Park Plaza.

Trustees present: Residential Trustees: Fred Amazon, Fred Falkner, Kathrin Harris, Lee Katz, Cathy Leetzow, Bob Mills, Rob O'Connor, Russell Seifert, Barbara Tierney and Garry Wharton; Commercial / Industrial Trustee: Steve Jeantet; Recreational Trustees: Bob Holzman, Laura Gilbert; Declarant appointee: Sue Ambrecht.

Commercial / Industrial Trustee: Steve Anderson was unable to attend.

Palmer Ranch Master Association staff attended: Tracy Smith, Rick Barth, and Marianne Swan.

Resident members attending were: Joseph Avellino of Botanica, Bob Howard of Silver Oak, and Harriett Myers of Vineyards at Silver Oak.

Convene/confirmation of Quorum. Rob O'Connor: The meeting was brought to order at 3:03 pm by Rob O'Connor, President, following confirmation by management of a quorum of the members.

Minutes of the Previous Annual Meeting:

Motion to approve minutes of the March 27, 2014 Meeting of Members as distributed was made by Jim Wedin, 2nd by Bill Altman. Motion was passed unanimously.

Elections:

Call for Ballots/Close of balloting: Rob O'Connor called for final ballots. No additional ballots. There being no further ballots from the floor, Rob O'Connor declared a close to the balloting.

Motion by Kathrin Harris, 2nd by Lee Katz, to appoint L. Gilbert, S. Jeantet, G. Wharton, Tracy Smith, and Marianne Swan to the Election Committee. Motion passed unanimously.

Tabulation of ballots by Election Committee:

The following individuals were excused to count ballots: L. Gilbert S. Jeantet, G. Wharton, Tracy Smith, and Marianne Swan to present election results later in the meeting.

President's Report:

Rob summarized the Trustee positions of the PRMA as: 10 for Residential, three for Commercial/Industrial, two for Recreational, and one Declarant appointee. He thanked the members of the community for their positive representation and emphasized the importance of the Palmer Ranch Master Association in the safe keeping of Palmer Ranch and the maintenance of high standards of visibility. As a master planned community, Palmer Ranch is noted for its identification as a "Green" community with high aesthetic standards. Rob thanked the following individuals: Justin Powell of Palmer Ranch Holdings, Sue Ambrecht as Declarant-appointed Trustee, Rick Barth for his excellent monitoring of the Palmer Ranch grounds, and Tracy Smith for her management of the budget and administrative responsibilities. He also thanked Marianne Swan for her collection of communication information. Rob announced there would be team reports during the meeting that are a result of the Trustee Workshop that established ad hoc teams for the Palmer Ranch Master Association.

Financial Report:

A. 2014 Audited Financial Statements

Presentation of the Audited Financial Statements for the 2014 calendar year was given. Motion by Bob Mills, 2nd by F. Falkner, to approve the Audited Financial Report for the period ending December 31, 2014 as distributed. Motion passed unanimously. 2014 Audited Financial Statements are attached and made a part of these minutes as Exhibit A.

B. February 2015 Financial Statements

The financial statement for the period ending February 28, 2015 was presented.

Management/Committee Reports (copies of reports were distributed to all Member Representative and Trustees, and are available from management upon request):

A. Management Report

Rob O'Connor recapped the management report on Tracy's behalf.

B. Grounds Report

Rick Barth presented the grounds report.

C. Advisory Committee

Kathrin Harris presented the report on behalf of the Advisory Committee.

D. Parks Committee

Bob Mills presented the report on behalf of the Parks Committee and Friends of Potter Park.

E. Office / Community Center Ad Hoc Team

Bob Mills presented the report on behalf of the Office/Community Center Ad Hoc Team.

F. Website Team

Rob O'Connor presented the report on behalf of the Website Team

G. Communications Team

Cathy Leetzow presented the report on behalf of the Communications Team

Community Update:

A. 5th Annual SAL Half Marathon on Palmer Ranch – November 30, 2014 - \$25,000 raised for SAL (Sheriff's Activities League)

B. 9th Annual Sarasota Springfest – March 7, 2015 – 770 runners participated in the 5K/12K events

C. Sandhill Preserve by DiVosta Homes - phased development of 350 residential homes.

D. Arbor Lakes by Taylor Morrison Homes - community of 267 residential homes.

E. Cobblestone by Taylor Morrison Homes – community of 200 residential homes.

Report of Election Committee:

Tracy Smith, reporting on behalf of the Election Committee, announced the following members were elected as Residential Trustees for a two year term:

Fred Falkner – Vineyards of Silver Oak

Robert Mills – Huntington Pointe

Robert O'Connor – Stoneybrook Golf & Country Club

Russell Seifert – Prestancia

Margaret Wells – VillageWalk

There being no write-in ballots for Recreational Trustee, Bob Holzman of TPC Prestancia was installed as Recreational Trustee to the Board.

There being no write in ballots for Commercial / Industrial Trustee, Steve Jeantet of Covenant Life Presbyterian Church was installed as Commercial / Industrial Trustee. The Board will need to appoint a third Commercial / Industrial Trustee.

Community Representative – Discussion:

There was discussion from community representatives on various topics.

- Jim Wedin from Village Walk expressed concern about a need for a proposed Community Center. R. O'Connor shared information related to approximately ½ of the current Palmer Ranch communities that have no clubs, no notice boards, no meeting places, and no social gathering places. He stated that a survey of the community members would be done.
- Bill Noonan from Deer Creek questioned doing a survey of the communities at the end of the proposed community center project rather than at the beginning. B. Mills noted that the Community Center Ad Hoc Committee is still in the exploratory process; no decision has been made at this time.
- Bill Altman from SGCC asked about the possibility of renting out part of the proposed community center for a private function. Rob said that this could be a possibility. Rob noted that a possible community center would add value to Palmer Ranch property owners. A suggestion was made to look at the new Palmer Ranch Holdings location for possible space.
- Steve Engber of Botanica asked about lighting for the area between McIntosh, Central Sarasota Parkway and Palmer Ranch Parkway West. Kathrin Harris noted that the options for lighting are not reasonable because there is no electrical cable for up-lighting, therefore up-lighting of trees is not affordable. Rick Barth further clarified that the county has no intention of adding streetlights to this and other roadways within PR that were constructed at a time when the county had no mandate for street lighting.
- Joseph Avellino from Botanica has received lots of complaints regarding dark roads. Rick explained that in the past, the County ordinance had no requirement for lighting at the initial Botanica development. In the present day, the County requires that the developer install roadway lighting. Rob offered the idea of adding RPM (Reflective Paving Markings) on dark roadways.
- Pepper Tree removal on Palmer Ranch. This is still an issue. Some communities are required to remove invasives per the IDO (Turtle Rock, Village Walk, and Silver Oak, along with all newer communities). Some communities are voluntarily doing Pepper Tree removal (SGCC and Deer Creek). G. Wharton will invite a County Commissioner to the next PRMA Trustee meeting.
- Rob invited Bill Altman from SGCC-Sarasota to speak about the Natural Assets educational presentation held at Stoneybrook G&CC in February 2015 that focused on the community voluntarily managing natural resources and assets to include Pepper/Melaleuca tree removal and planting of ponds to filter the water flow into the bay, reinforce shorelines, and attract wildlife back to lakes and wetlands. Rob thanked Mr. Altman for his summary. He also thanked the community representatives who brought their concerns to the group.

11. Motion to adjourn was made by Fred Falkner, 2nd by Russell Seifert, and passed unanimously. The meeting adjourned at 4:35 pm.

Respectfully submitted,
Barbara Tierney,
Secretary, Trustee Board, Palmer Ranch Master Property Owners Association, Inc.
March 29, 2015

EXHIBIT A

**Palmer Ranch Master Property
Owners Association, Inc.**

Financial Statements

December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Palmer Ranch Master Property Owners Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Palmer Ranch Master Property Owners Association, Inc., which comprise the balance sheet as of December 31, 2014, and the related statement of revenues, expenses and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Palmer Ranch Master Property Owners Association, Inc. as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of replacement fund activity is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such

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information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Sarasota, Florida
February 6, 2015

Cavanaugh & Co. LLP

Palmer Ranch Master Property Owners Association, Inc.

Balance Sheet
December 31, 2014

ASSETS

	Operating Fund	Replacement Fund	Total
Current assets:			
Cash and cash equivalents	\$ 424,381	669,919	1,094,300
Certificates of deposit	-	250,051	250,051
Accounts receivable	5,045	-	5,045
Prepaid insurance	18,711	-	18,711
Prepaid rent	910	-	910
Due from other fund	-	1,933	1,933
Total current assets	<u>449,047</u>	<u>921,903</u>	<u>1,370,950</u>
Other assets:			
Furniture and equipment, net	3,411	-	3,411
Deposits	<u>11,082</u>	-	<u>11,082</u>
Total other assets	<u>14,493</u>	-	<u>14,493</u>
 Total assets	 <u>\$ 463,540</u>	 <u>921,903</u>	 <u>1,385,443</u>

LIABILITIES AND FUND BALANCE

Current liabilities:			
Accounts payable	\$ 124,236	-	124,236
Prepaid assessments	93,729	-	93,729
Due to other fund	<u>1,933</u>	-	<u>1,933</u>
Total current liabilities	219,898	-	219,898
 Fund balances	 <u>243,642</u>	 <u>921,903</u>	 <u>1,165,545</u>
 Total liabilities and fund balance	 <u>\$ 463,540</u>	 <u>921,903</u>	 <u>1,385,443</u>

See accompanying notes to financial statements.

Palmer Ranch Master Property Owners Association, Inc.

Statement of Revenues, Expenses and Changes in Fund Balance

Year Ended December 31, 2014

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Revenues:			
Member assessments	\$ 1,476,923	138,970	1,615,893
Sarasota County maintenance	339,155	-	339,155
Interest	143	1,355	1,498
Administrative late fees	612	-	612
Estoppel fees	6,100	-	6,100
Total revenues	<u>1,822,933</u>	<u>140,325</u>	<u>1,963,258</u>
Expenses:			
Salary and benefits	224,498	-	224,498
Rent/Occupancy	23,221	-	23,221
Ornamental maintenance	292,200	-	292,200
Turf maintenance	450,101	-	450,101
Irrigation maintenance	132,755	-	132,755
Fertilization/pest control	172,643	-	172,643
Lake management	160,540	-	160,540
Utilities	37,094	-	37,094
Repairs and maintenance	39,523	-	39,523
Administrative	19,088	-	19,088
Insurance	22,690	-	22,690
Professional fees	23,218	-	23,218
Enhancement project	26,314	-	26,314
Miscellaneous	90	-	90
Depreciation	1,225	-	1,225
Replacement	-	8,921	8,921
Total expenses	<u>1,625,200</u>	<u>8,921</u>	<u>1,634,121</u>
Excess of revenues over expenses	197,733	131,404	329,137
Fund balance - beginning of year	<u>45,909</u>	<u>790,499</u>	<u>836,408</u>
Fund balance - end of year	<u>\$ 243,642</u>	<u>921,903</u>	<u>1,165,545</u>

See accompanying notes to financial statements.

Palmer Ranch Master Property Owners Association, Inc.

Statement of Cash Flows
Year Ended December 31, 2014

	Operating Fund	Replacement Fund	Total
Cash flows from operating activities:			
Member assessments collected	\$ 1,523,094	138,970	1,662,064
Sarasota County Maintenance	339,155	-	339,155
Interest received	143	1,355	1,498
Other income received	6,712	-	6,712
Cash paid for operating expenses	<u>(1,722,454)</u>	<u>(10,854)</u>	<u>(1,733,308)</u>
Net cash flows from operating activities	<u>146,650</u>	<u>129,471</u>	<u>276,121</u>
Cash flows from investing activities:			
Purchase of certificates of deposit	-	(250,051)	(250,051)
Redemption of certificates of deposit	<u>-</u>	<u>485,214</u>	<u>485,214</u>
Net cash flows from investing activities	<u>(1,204)</u>	<u>235,163</u>	<u>233,959</u>
Increase in cash and cash equivalents	145,446	364,634	510,080
Cash and cash equivalents at beginning of year	<u>278,935</u>	<u>305,285</u>	<u>584,220</u>
Cash and cash equivalents at end of year	<u>\$ 424,381</u>	<u>669,919</u>	<u>1,094,300</u>
Reconciliation of excess of revenues over expenses to net cash flows from operating activities:			
Excess of revenues over expenses	\$ 197,733	131,404	329,137
Adjustments to reconcile excess of revenues over expenses to net cash flows from operating activities:			
Depreciation	1,225	-	1,225
(Increase) decrease in:			
Accounts receivable	13,718	-	13,718
Prepaid insurance	699	-	699
Deposits	(9,280)	-	(9,280)
Due (to) from other fund	1,933	(1,933)	-
Increase (decrease) in:			
Accounts payable	(89,898)	-	(89,898)
Prepaid assessments	<u>30,520</u>	<u>-</u>	<u>30,520</u>
Total adjustments	<u>(51,083)</u>	<u>(1,933)</u>	<u>(53,016)</u>
Net cash flows from operating activities	<u>\$ 146,650</u>	<u>129,471</u>	<u>276,121</u>

See accompanying notes to financial statements.

Palmer Ranch Master Property Owners Association, Inc.

Notes to Financial Statements

December 31, 2014

Note 1 – Nature of Operations:

Palmer Ranch Master Property Owners Association, Inc. (Association) is a not-for-profit corporation formed for the purpose of managing and maintaining areas common to the property owners within the development known as Palmer Ranch. Specifically, the Association is responsible for maintaining all landscape and hardscape within the roadways and medians, maintaining certain perimeter hedges and trees, which include mowing, irrigation, fertilization, and herbicides, as necessary. The roadways involved are specific portions of McIntosh Road, Sawyer Loop Road, Honore Avenue, Sarasota Square Boulevard, Palmer Ranch Parkway, and Extension, Central Sarasota Parkway and Northridge Road. The Association is also responsible for conservation of certain common waterways and landscape maintenance of the seven vehicular entrances to the Palmer Ranch Entity.

For the period from inception through March 27, 2014 the declarant maintained control of the Association by majority vote on the board of trustees. Effective March 27, 2014 control of the Association was transferred to unit owners other than the declarant.

Note 2 – Summary of Significant Accounting Policies:

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting, and prepares its financial statements on the accrual basis of accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose.

Operating Fund – This fund is used for financial resources available for the general operations of the Association. The excess, if any, of 2014 assessments over expenses are carried forward to be applied to 2015 expenses.

Replacement Fund – This fund is composed of assessments paid by members to fund future replacements, major repairs and purchases of additional commonly owned assets. Expenditures from this fund are restricted to those items for which assessments were levied.

Financial Statements

The financial statements and notes are representations of the Association's management, who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Member Assessments

Association members are subject to yearly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessments are charged to the unit owners on a per assessable unit basis. Member assessments are determined annually by the Board of Trustees based upon the maintenance and other operating requirements of the Association. Any deficit or excess of revenue over expenses would, in effect, increase or decrease assessments required in future periods.

Revenue from assessments and late fees are recognized in the period to which it applies. Assessments received in advance are recorded as prepaid assessments when received and reclassified to revenue in the period to which they pertain.

Palmer Ranch Master Property Owners Association, Inc.

Notes to Financial Statements – Continued

December 31, 2014

Note 2 – Summary of Significant Accounting Policies – Continued:

Cash Equivalents

For the purposes of the statement of cash flows, the Association considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Association uses the allowance method to recognize bad debts. Management establishes an allowance for doubtful accounts based on amounts expected to be uncollectible at the balance sheet date. The Association's policy is to retain legal counsel and place liens on the properties of the members whose assessments are delinquent. Management believes an allowance for doubtful accounts was not deemed necessary for the year ended December 31, 2014.

Common Property

The Association's policy is to not capitalize and depreciate the commonly owned real property as ownership is vested directly or indirectly in the member property owners and these assets are not deemed to be severable.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Association is taxed as an association and files Form 1120H. The Association is taxed on its non-membership income, such as interest income, and any excess membership income which has been deferred for more than one year, at regular federal and state corporate rates. There is no income tax expense or income tax liability at December 31, 2014.

Management has evaluated the effect of accounting standards regarding accounting for uncertainty in income taxes. In that regard, management has evaluated all tax positions that could have a significant effect on the financial statements and determined the Association has no uncertain tax positions at December 31, 2014, that could materially affect the financial statements.

The income tax return of the Association is subject to examination by the taxing authorities, generally for three years after they were filed.

Palmer Ranch Master Property Owners Association, Inc.

Notes to Financial Statements – Continued

December 31, 2014

Note 3 – Future Major Repairs and Replacements:

The Association's organizing documents require the Association to prepare its annual budget with estimates of costs for the repair and/or replacement of certain common property.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on estimates of current replacement costs. In 2013 the Association obtained an updated reserve study, prepared by a third party, to provide relevant information to budget for such costs. The table included in the required supplemental information on future major repairs and replacements is based on this study. The Association allocates interest earned on replacement funds to the individual components based on the component's relative balances. Amounts previously accumulated are considered in determining the annual funding requirement. The Association fully funds the reserves as estimated in that reserve study.

Actual expenditures may vary from the estimated replacement costs. These variances could be material. Consequently, the amounts accumulated in this fund may not be adequate to fund the major repair or replacement. If additional funds are needed, the Association may increase regular assessments, pass a special assessment or delay the repair or replacement.

Note 4 – Geographic Exposure to Catastrophe Loss:

The Association has possible exposure to catastrophe losses based on the location of the property. These catastrophes can be caused by various events, including hurricanes, windstorms, hail, and flood, and the incidence and severity of catastrophes are inherently unpredictable. The extent of losses from a catastrophe is a function of both the total amount of insured exposure by the type of event and the severity of the event. The Association generally seeks to reduce its exposure to catastrophes through individual risk selection, the purchase of catastrophe insurance and mandated reinsurance by certain insurance companies. In the event of such a catastrophe, assessments may be necessary to provide for deductibles consistent with insurance policy provisions.

Note 5 – Related Party Transaction:

The employees of the Association were employed by a management company which was a subsidiary of the declarant until control of the Association was transferred to unit owners other than the declarant on March 27, 2014. The Association generally reimbursed the management company for salaries, payroll taxes, health insurance, and worker's compensation expenses. Amounts paid to the management company during the year ended December 31, 2014 totaled approximately \$50,781.

Note 6 – Sarasota County Maintenance:

The Association has a signed agreement with Sarasota County for median and roadside maintenance services. The contract services include roadway mowing, litter removal, herbicide treatment, and sidewalk and curb edging. The compensation for this agreement amounted to \$339,155 for the year ended December 31, 2014.

Palmer Ranch Master Property Owners Association, Inc.

Notes to Financial Statements – Continued

December 31, 2014

Note 7 – Savings Plan:

The Declarant offers a tax-deferred savings plan (the Plan) which qualifies as a defined contribution plan under the Internal Revenue Code 401(k). Employees who are eligible may provide tax-deferred contributions to fully vested individual accounts up to 100% of before tax pay within Internal Revenue Code limits. The Plan covers substantially all employees with six months of service regardless of the number of hours of service or age. At the Plan's discretion, it may provide up to 100% of the first 4% of pay employees contribute to the plan through salary deferral. For the year ended December 31, 2014, the Plan matched employee contributions of 2%, or \$888.

Note 8 – Concentrations of Economic and Credit Risk:

The Association maintains its cash balances at financial institutions located in Sarasota, Florida. Accounts at each financial institution are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, balances may exceed this limit. Management considers the risk to be minimal.

Note 9 – Subsequent Events:

Subsequent events have been evaluated through February 6, 2015, which is the date the financial statements were available to be issued.

Palmer Ranch Master Property Owners Association, Inc.

Schedule of Replacement Fund Activity
Year Ended December 31, 2014

Components	Balance 12/31/2013	Revenues	Interest	Expenses	Balance 12/31/2014
Entry walls	\$ 198,959	9,049	299	-	208,307
PVC fencing	-	3,598	4	-	3,602
Entry landscape lighting	9,012	1,755	15	-	10,782
Street light resurfacing	295,464	48,864	481	-	344,809
Traffic signal resurfacing	39,745	12,756	71	-	52,572
Community identification signs - replacements	75,235	2,760	112	-	78,107
Community identification signs - capital repairs	5,251	5,378	14	-	10,643
Directional signs	41,184	1,889	62	-	43,135
Flagpoles	13,020	1,180	20	-	14,220
Entry pavers	105,248	6,819	220	(8,921)	103,366
Benches	4,381	704	7	-	5,092
Silt removal - restoration area F	3,000	12,037	17	-	15,054
Silt removal - restoration area D	-	10,102	10	-	10,112
Silt removal - restoration area C	-	11,873	12	-	11,885
Silt removal - restoration area G	-	7,915	9	-	7,924
Silt removal - restoration area H	-	2,291	2	-	2,293
Total	<u>\$ 790,499</u>	<u>138,970</u>	<u>1,355</u>	<u>(8,921)</u>	<u>921,903</u>

Palmer Ranch Master Property Owners Association, Inc.

Supplementary Information on Future Major Repairs and Replacements
Year Ended December 31, 2014
(Unaudited)

The following table is significant information on reserves:

	<u>Estimated Remaining Life</u>	<u>Estimated Replacement Cost</u>
Entry walls	12-21	\$ 340,150
PVC fencing	14	52,680
Entry landscape lighting	13	33,000
Street light resurfacing	4-8	578,000
Traffic signal resurfacing	4	102,000
Community identification signs - replacement	12	110,250
Community identification signs - capital repairs	2	21,000
Directional signs	4	50,400
Flagpoles	12	28,000
Entry pavers	0-20	211,860
Benches	9	11,250
Silt removal - restoration area F	3	50,000
Silt removal - restoration area D	2	29,585
Silt removal - restoration area C	5	69,540
Silt removal - restoration area G	5	46,360
Silt removal - restoration area H	5	13,420