

Notes from the meeting with the North Villa owners held on Monday, 14 November 2016 in the Main Dining Room in the Club House.

Attending for the North Villa Committee:

Steve Curtis  
Dave Malenfant  
Barry Pickell  
Dick DeCoste, Board Representative  
Don Huprich, General Manager

Not Attending

Paul Beloin  
Bill Long  
Nancy Sido

Discussion

- a) The villa owners were apprised of a meeting to discuss Exterior Maintenance, Roof Reserves and Roof Replacement in a notice sent to each North Villa owner both by regular mail and email. A copy of the discussion points is attached at the end of these Meeting Notes.
- b) Dave Malenfant began the meeting and introduced the members of the committee who were in attendance. Using the discussion points as a guide, the committee then summarized the major concerns facing the Hunters Ridge North Villa owners (Egret Landing and FB Fowler Ct).
  - Roof and exterior maintenance reserves are carried in two accounts.
  - Based on current spending, there are insufficient reserves for roof repair and painting requirements.
  - FB Fowler Ct will be painted in 2017 followed by Egret Landing in 2020.
  - The North Villa Committee has reached the conclusion that it is advisable to replace all roofs during 2017.
  - To fund roof replacement and painting requirements, the committee reviewed three options:
    - i. Replace all roofs in 2017 funded by a \$12,000 assessment.
    - ii. Replace the villa roofs as originally planned between now and 2023. This would require two (2) assessments of \$5,000 in 2017 and the \$6,500 in 2020.
    - iii. Do nothing but fund painting and roof repairs. The amount of this assessment remains to be determined.
  - The purpose of today's meeting is to discuss the reasons for these recommendations and obtain input from the North Villa owners. The formal vote will take place in January, 2017.
  - At this point, the committee entertained questions from the villa owners.

## Questions with Answers

Why do we consider that it is necessary to replace the the North Villa roofs at this time?

*Roof repair expense continues to increase. Based on experience in the South villas, we believe it is more cost effective to replace the roofs now than to continue to fund roof repairs. In addition, the cost of roof replacement will continue to rise and will not go down.*

Why are the roofs failing?

*We don't have a specific answer to that question. However, we know that our villas did not have roof vents installed when they were built. Roof vents were not added until 2013. The excess heat may have degraded the underlayment.*

Is it possible to to replace all of the roofs in 2017 but come up with a method to have the assessment in two payments?

*Two different methods that would fund the total assessment were discussed at the meeting. However, we are looking at a new option where the Club would loan money for half the assessment allowing all of the roofs to be replaced in 2017. This would allow the roofs to be replaced based on the current bid from the designated roofing contractor. With an an initial payment of \$5,000, the balance of about \$6,500 would be repaid after two years in a 2<sup>nd</sup> assessment. The club would charge interest at the prevailing interest rate until the loan is repaid. We will continue to look for bank financing for those villa owners that would like this option.*

Do we believe that new roofs will solve our problems and eliminate leaks?

*Yes. We intend to use a thick underlayment to insure that the roofs are sealed. The specifications used by the contractor will be available for review.*

One of the owners suggested that we consider a metal roofs as a replacement for the tile roofs on both Egret Landing and FB Fowler Ct. Will this type of roof be considered?

*We do not believe this type of roof is compatible with the roofing installed in the remainder of the Hunters Ridge community. Regardless, we have submitted this idea to the Hunters Ridge Architectural Review Board for evaluation.*

If we decide to replace all of the roofs with two assessments and my villa is one of the first units to have their roof replaced, will I be responsible for both assessments?

*Yes. The Roof Reserve and Exterior Reserve is a common account between Egret Landing and FB Fowler Ct. Roof replacement and exterior maintenance is paid from these common accounts. The villa owner will be responsible for fees and any assessments regardless of the timing of roof replacement, roof repair, painting and other maintenance for the North Villas.*

If we replace our roofs in 2017, will there be any savings in our home insurance?

*Yes. But the exact amount needs to be determined. Villa insurance has two components. Insurance for the exterior is paid by the association and billed to the villa owner as part of their quarterly dues. The budget for 2017 for the North Villas is \$77,418 or approximately \$1,075/villa. Interior insurance is paid by the villa owner. The amount of coverage and premium varies by villa and the insurance carrier used by the villa owner. We can expect that*

*premiums can be reduced in both of cases. The Hunters Ridge General Manager will prepare the necessary forms required by your insurance company.*

What are the next steps to address roof replacement, painting and any potential assessment to fund these activities?

*During December, we will refine our financial model and develop a final recommendation that will be presented to the North Villa owners in January. Any vote on action to be taken will follow our by-laws allowing for a proxy if the villa owner is not able to attend this meeting in person.*

### Other Comments

Have new residents been advised that there will be an assessment for the North Villas?

*We do not know what information real estate agents have advised prospective buyers concerning the state of our reserve accounts. At this point, any assessment is still in then discussion stage and no formal vote has been taken.*

Some of the residents were concerned that the North Villa committee had not communicated the state of the reserve accounts, changes in roof replacement strategy as discussed at the Annual meeting earlier this year as well as notifying the North Villa owners of committee meetings.

*At this year's Annual Meeting we alerted the North Villa owners to a potential problem with funding the painting of the North Villas as well as an increase in roof repair expense. We indicated that we would monitor and advise later in the year. That was the purpose of today's meeting.*

*At each Annual meeting, we discuss the funding for the reserve accounts. With the knowledge that the reserve accounts are underfunded, we vote as group to either maintain or increase funding. The current amounts are \$45/month for Exterior Maintenance and \$65/month for Roof Reserves which were approved by the North Villa owners at the Annual Meeting in 2013. Between 2014 and 2016, the North Villa owners voted to continue funding at the current rate.*

*Based on the input we received, the North Villa committee will facilitate two changes to improve communication with the owners of the North Villas:*

- 1) North Villa committee meetings will be announced via the Weekly Flash. Meetings will normally be held in the Dining Room. Minutes from the meeting will be published on the Hunters Ridge website under North Villa Committee.*
- 2) The North Villa Committee will work with our Controller to publish an accounting of the Exterior Maintenance and Roof Reserve accounts (receipts and disbursements) on a quarterly basis again in the Hunters Ridge website under the North Villa Committee.*

**HANDOUT**

Meeting with the North Villa Owners

Exterior Maintenance and Roof Reserves

Background

- The North Villas were built over a 7-year period between 1998-2005 by three different builders.
- Egret Landing has 42 villas or 21 villa buildings/duplexes
- FB Fowler Ct has 30 villas or 15 villa buildings/duplexes
- Reserves are maintained in 2 accounts for Egret Landing and FB Fowler Ct
  - Roof Replacement
    - Balance as of 1 October 2016 = \$380,885
    - Current contribution is \$65/month paid quarterly, \$14,040 total/Quarter
    - The \$65 rate has been in effect since 2013
  - Exterior Maintenance
    - Balance as of 1 October 2016 = \$8,933
    - Covers roof repair and other exterior maintenance (not common area)
    - Current contribution is \$45/month paid quarterly, \$9,720 total/Quarter
    - The \$45 rate has been in effect since 2013
- Repair Expense will continue to increase.

	2012	2013	2014	2015	2016	Total
Egret Landing	\$9,144	\$4,681	\$9,503	\$37,051	\$15,669	\$76,048
FB Fowler Ct	\$2,344	\$1,909	\$185	\$9,344	\$12,825*	\$26,607
Total	\$11,488	\$6,590	\$9,688	\$46,395	\$28,494	\$102,655

\*Includes a pending repair of \$5,650 on FB Fowler Ct.

- Painting
  - The Villas on FB Fowler will need to be painted in 2017 followed by Egret Landing in 2020 maintaining a 7-year cycle. We were previously on a 6-year cycle
  - There will need to be an assessment to cover this expense regardless of what is done for roof replacement.

Addressing the Issue

- Option 1 – Replace all of the villa roofs in 2017
  - One assessment of \$12,000 will be required early in 2017.
  - Pro
    - Replacing all of the roofs in 2017 results in the lowest overall cost to the villa owner

- Any roof repairs required during the installation period will be handled by the roofing company at “no charge”
    - The roofer will install a thick underlayment to insure future roof repairs are mitigated
    - Based on experiences from the South villas, we will be able to reduce our quarterly fees for roof replacement and roof repair
    - Replacing all of the roofs in 2017 will allow us to lock in the cost per roof eliminating future increases in the cost of material or labor
  - Con – The \$12,000 assessment will be difficult for many of our villa owners.
- Option 2 – Replace the villa roofs as originally planned between now and 2023
  - Two assessments which total about \$11,500 would be required in 2017 and 2020; The first assessment would be about \$5,000 while the 2<sup>nd</sup> assessment would be about \$6,500. The actual timing and amount of the assessments could vary and will be dependent on the amount of money in the Roof Replacement account and the cost of roof replacement at the time work is completed.
  - Pro – The villa owner will be able to manage the total assessment in smaller payments.
  - Con
    - Roof repairs will continue until all roofs are replaced. Consequently, contributions to the Exterior Maintenance account will continue at current levels.
    - Contributions to the Roof Replacement account will not decrease until all roofs on both Egret Landing and FB Fowler Ct are replaced.
    - The villa owner will continue to be responsible for interior damage that may result from a roof leak.
    - The installation cost (labor and materials) to replace the roofs will continue to increase between now and 2023. We have already seen an increase in roofing expense since the original bid were received earlier this year.
- Option 3 – Do nothing
  - Approve an assessment to address painting for FB Fowler Ct (2017) and Egret Landing (2020) as well as fund continuing roof repair
  - Pro – None
  - Con
    - The amount and number of assessments and any changes to monthly reserve payments remain to be determined
    - Roof repairs will continue to increase
    - Internal damage will be the responsibility of the villa owner

### Next Steps

- Finalize an estimate of the costs for each roof replacement option and submit to the villa owners in December
- Schedule a follow-up meeting in January, 2017 to vote on which option will be pursued