

Villages of Devonshire
Board of Directors Roof Replacement Workshop Meeting Minutes
August 14, 2019

1. **Call to Order:** Robert Mueller called the Board meeting to order at 6:41 PM.

- a. **Board Members Present:** Robin Chagares (Face time), Edward Lewis, and Robert Mueller, Kathleen Nidasio

2. **New Business:**

- a. **Roof Replacement:**

Roof replacement is estimated to occur in 2030. We need to have a sound plan that assures there will be enough money in the roof replacement reserve account to cover roof replacement expenses. We are following the income plan that was studied to help assure there will be enough money to pay for the roof replacement in 2030. We have 37 buildings and 74 individual villas. Money is reserved from the monthly HOA income and goes into the roof repair /replacement reserve account. It requires approx. 36% of the total income taken in. As of June 30th there is a balance of \$464,774.00. Under the current income plan, from 2019 – 2030 we will collect \$963,695.00. There is a concern over the increasing roof repairs that have taken place over the last few years and particularly this year. So far this year we have spent a little over \$21,000 in roof repairs. Costs have been as high as \$5,000- \$7,000. Over the next 11 years we could spend about \$25,000 a year, based on what we have spent this year. If you compare the money allotted and factor in what we are spending a year for roof repair, we are \$238,531.00 short. We have other reserve accounts that we could dip into if needed. There is a general reserve account (\$62,744) and a landscape reserve account (a little over \$34,000) and a bank interest reserve account (\$68,500). The 1st two accounts stay at those amounts in contrast to the bank interest reserve account, which grows from CD earned interest. It is estimated in 2030 we should have \$100,00.00 that we could draw from to help pay for roof replacement. 2 scenarios were presented.

Scenario 1 - Use \$30,000 from the general reserve account and \$100,000 from the bank interest reserve account it would reduce our shortage to approx. \$108,531.00. In order to generate enough money for the next 11 years, we would have to raise the HOA monthly fee an additional \$11.00 a month from what the current income plan calls for.

Scenario 2- Use all of the general reserve, landscaping reserve and bank interest reserve accounts. This would reduce our shortage to \$41,250.00. In order to make up that amount, we would have to raise the HOA monthly fee an additional \$4.00 a month. This scenario leaves us no emergency money for any

unplanned expenses. It is not wise to take money out of the landscape reserve account because of our aging landscape and tree/sod maintenance costs. Figures given so far are based on our HOA not having any budget overages over the next 12 years. We have had an annual budget surplus of approx. \$23-\$24,000. It is rolled into whichever reserve account needs it. An estimated \$20,000 annual surplus would generate \$240,000 over the next 12 years. The problem is there is no guarantee we will have that annual overage. If we were to increase the monthly HOA fees by either of the amounts shown in the 2 scenarios, and we continue to have an annual surplus, at some point the monthly HOA fee could resume to what it is under the current income plan. Many other HOA communities pay much higher monthly fees. It does not cover all the amenities we have and they have shingle roofs. Whatever amount is decided will be applied to the 2020 budget. Future considerations- when roofs are starting to be replaced, a decision will need to be made whether to replace all roofs at the same time. Audience questions were taken. Scenario 1 is favored. The 2020 budget will be voted on in October.

- b. Next Scheduled Budget Board Meeting:
 - i. October 7th 2019 in the Gathering Room at 6:30P.

- 3. **Adjournment:** There being no further business, the meeting was adjourned at 7:00 PM.