

**MARGARET'S WALK
HOMEOWNERS ASSOCIATION
RESERVE STUDY WORKSHOP
July 12, 2010 @ 6:30 P.M.
FLEMING ISLAND PLANTATION AMENITY CENTER
2300 Town Center Blvd.
Fleming Island, Florida**

Call of Roll and Certifying a Quorum

Gwen Joyce, **Community Association Manager** for Severn Trent Services called the meeting to order.

BOD Members Present:

Don Christofoli, **President**
Bill Korn, **Vice President**
Mike Brady, **Secretary/Treasurer**

Also Present:

DJ Muehlstadt, **Dreux Isaacs & Associates** (by phone)

Establish a Quorum:

A quorum was established with three BOD members present.

The Reserve Study prepared by Dreux Isaacs & Associates was provided to the BOD and the following was discussed:

- Mr. Christofoli addressed the following:
 - Questioned how Mr. Muehlstadt came up with the overlay quote of the 1.5 inches on the Straight Line Plan Summary on Page 3-2 and whether this was from a single quote or more than one quote.
 - *Mr. Muehlstadt explained that all of the unit costs within the report come from a database of contractors they use throughout the State. He did not obtain bids. The costs from the database had location modifiers and were average costs per unit assuming a normal scope of work for a road overlay.*
 - Mr. Christofoli pointed out that the BOD received a bid from Duval Asphalt for \$200,000 for 1.25 inches. However, by removing the stamped concrete, the price was \$208,000.
 - Questioned whether their roads will last 10 years.
 - *Mr. Muehlstadt explained that MW has mostly local traffic and they do not have a lot of thru traffic. Generally the heaviest vehicles will primarily be*

Severn Trent Management Services

garbage trucks. A useful life of 16 years is the benchmark they typically use. However, when he was on the property, he noticed that the roads were holding up well. There were a couple of patched areas, but for the most part, the roads are in good shape. Under normal circumstances, they should get another 10 years.

- Questioned why Mr. Muehlstadt estimated \$180,000 for the entryway cost as the BOD received a bid for pavers last year for \$80,000 and why he recommended a stamped concrete replacement in 24 years.
 - *Mr. Muehlstadt explained that they assumed replacement with existing material, which lowered the cost. As far as stamped concrete, he had seen other properties having stamped concrete that were starting to crack and settle. It depends on the structure and function of the road. When it starts to crack, it will need to be addressed; not replaced after a 24 year period. He will check on the price.*
 - Mr. Christofoli noted that the BOD's main interest in the near future was re-paving the roads using different methods. It was last paved three years ago.
 - Mr. Korn pointed out that it looked as bad six months after it was paved than it does now.
 - Ms. Joyce acknowledged that she was not aware of this when they started the Reserve Study.
 - Mr. Christofoli indicated that the BOD will obtain their own resurfacing bids.

- Addressed the following changes to the Reserve Study:
 - *Misc Site Improvements:* The concrete culvert bridge on Grand Oaks Way belongs to the CDD and should be added to the CDD Reserve Study.
 - *Fence and Wall:* The aluminum picket fence, 3,810 square feet of brick and 80 brick columns to the property line belong to the CDD and should be added to the CDD Reserve Study. The brick wall around the entrance and up to the drainage ditch belongs to the HOA and everything south belongs to the CDD.
 - *Mr. Muehlstadt will separate these.*
 - *Entrance/Gate:* Both gates, motors and keypad were replaced in 2009. One gate is only several months old and the other is not more than a year old. Thirteen light fixtures were also replaced on the front wall less than a year ago. The triple light fixtures and light poles were installed in 2009
 - *Mr. Muehlstadt noted that he did not anticipate the HOA replacing all 45 light fixtures at the same time. He offered to change this to say that so many lights would need to be changed every five years and put in parenthesis that there were 45 lights total.*

- Questioned whether they needed a sidewalk allowance as he did not know whether the HOA was responsible for maintaining an owner's sidewalk.
 - *Mr. Muehlstadt noted that it depended on the governing documents. In some communities, the owners were responsible and other communities considered sidewalks as common areas.*

Severn Trent Management Services

- Mr. Christofoli noted that since most of the roads were owned by the County, they maintained the sidewalks, but no one knew who was responsible the sidewalks in the gated community. He suggested getting a legal opinion.
- Ms. Joyce will obtain a legal opinion from the HOA Attorney.
- Questioned the annual increase of 5% every year for five years under Reserve Contribution on the Cashflow Plan on Page 4-1 as the BOD could not justify raising the annual assessment. He believes that they could do an increase next year without raising assessments by removing items from the budget.
 - *Mr. Muehlstadt acknowledged that removing the wall, brick columns and the bridge will affect the bottom line.*
 - Mr. Christofoli noted that the BOD's main concern was having enough money to repave the roads in five to ten years.
 - Mr. Korn agreed that this would have a huge impact on the bottom line.
- Mr. Brady addressed the following:
 - Questioned whether the overlay quote was typical for 1.5 inches of a road surface that was expected to deteriorate.
 - *Mr. Muehlstadt explained that a typical overlay was between 1 and 1.5 inches, but they typically go with 1.5 inches if a road has never been done before.*
 - Questioned who was Mr. Muehlstadt's point of contact when he did the onsite work for the study.
 - *Ms. Joyce acknowledged that she was the point of contact and provided him everything he requested.*
 - Expressed concern about Ms. Joyce providing this information as the BOD had some insight that she was not aware of due to only representing the BOD since December.
 - *Mr. Muehlstadt noted that this was not uncommon.*
- Mr. Al Allen recommended that the BOD members review the Review Study in full detail due to the complexity and determine what was valid as he did not believe this was the type of planning tool that the BOD could easily use to make financial judgements to effect the entire community.

Mr. Muehlstadt will make the changes and additions as discussed above and provide an amended Reserve Study to Ms. Joyce by the end of the week. Ms. Joyce will provide a hard copy to each BOD member. Mr. Christofoli requested that Mr. Muehlstadt provide the changes to the CDD Reserve Study to Ms. Janice Davis.

Mr. Korn commented that this presentation was very helpful.

Ms. Joyce addressed the BOD's comments about moving some allocated funds from reserves in the Reserve Study.

Severn Trent Management Services

Mr. Christofoli recommended transferring \$145,780 in *Non-allocated Funds*; \$10,000 from *Entrance/Gate Fund* [leaving \$9,803] and \$2,507 from *Unallocated Interest* to the *Paving Fund*.

A motion was made by Bill Korn seconded by Mike Brady to transfer \$145,780 in Non-allocated Funds; \$10,000 from Entrance/Gate Fund and \$2,507 from Unallocated Interest to the Paving Fund; with all in favor, the motion carried.

Mr. Korn reminded Ms. Joyce to notify Mr. Muehlstadt about these changes. He thanked Mr. Christofoli for making these changes.

Mr. Christofoli believes that they can raise the reserve to \$21,000. Ms. Joyce will inform the Accountant to take this into consideration when finalizing the budget for the budget workshop.

A motion was made by Mike Brady seconded by Bill Korn to obtain a legal opinion on the ownership of the sidewalks from the HOA Attorney; with all in favor, the motion carried.

Mr. Allen recalled three instances in the past where the HOA did paving work on the easement sidewalk. Ms. Joyce will mention this to the HOA Attorney.

There being no further business,

A motion was made by Bill Korn seconded by Mike Brady to adjourn the meeting at 7:10 P.M.; with all in favor, the motion carried.

Gwen Joyce, L-CAM
Severn Trent Property Management
For Margaret's Walk HOA