

The Landings Maintenance Association, Inc.

Board of Directors Meeting

November 26, 2019 6:30 PM
Bonaventure Town Center Club
16690 Saddle Club Rd., Weston, Florida 33326

MINUTES

Call to Order

The Meeting was called to order at 6:47 PM by Debra Boles.

Roll Call

The following Directors were present: Debra Boles, Ron Jacobowitz, Andrew Medina, Jaime Ovadia, Scott Rassler and Bruce Gamache; thus representing a Quorum and allowing the Association to carry forward with the business of the meeting. Meredith O'Keefe did not attend the meeting. Also present was Larry Ellman of Pro Community Management.

Mr. Jacobowitz left the meeting at 9:00 P.M.

Proper Notice of Meeting

Notice of the meeting was posted on the property at least 48 hours prior to the meeting as required by Florida Statute

Approval of October 29, 2019 Board of Director's Meeting Minutes

A motion was made by Mr. Medina to accept the Minutes of the November 29, 2019 Board of Director's Meeting as presented. The motion was seconded by Mrs. Boles and carried by all present.

Review of Certain Items Within the Community

- **Property Manager Issues**

Mr. Ellman reviewed the receivables and the purchase of an FDIC insured one year CD for Street Fund (approx. \$30,000) for the collection of the 2019 fees. He reviewed the status and follow up of the ARB request for modifications to a home on Egret Lane. The Board agreed to delegate any additional follow up to the Architectural Review Committee and the property manager, including getting feedback from up to 5 homeowners on Egret Lane.

A new Association policy pursuant to the new Florida law (effective July 1, 2019) permitting homeowners to remove trees on their property that pose a danger to person or property without requiring a city permit or mitigation was drafted, reviewed by outside counsel and posted on the Association website.

- 304 Mallard Road Update

Michael Bakalar, a homeowner and former Board member, updated the Board on the status of the foreclosure by the bank at 304 Mallard Road. It appears that the process will continue into March 2020.

- Holiday Gifts

A motion was made by Mr. Jacobowitz to approve holiday gifts for the 5 guards (\$2,200) and the property manager (\$1,000) consistent with prior years and a special year-end bonus of \$1,100 for Willie Thomas. The motion was seconded by Mr. Medina and carried by all present.

- 2020 Budget

Mr. Medina presented a version of the 2020 budget (Version 2) discussed at the Finance Committee meeting that included reducing quarterly fees from \$580 in 2019 to \$508 in 2020, maintaining budgeted Operating Fund contingencies at \$5,000 and assuming a reduction in the estimated cost of 2020 sidewalk repairs by proposing to shave certain sidewalks damaged by tree roots rather than replacing them as has been done since 2014.

Mr. Jacobowitz stated that he was against reducing the quarterly fees and was in favor of restoring the amount budgeted annually for contingencies to historic levels due to the need for ongoing maintenance (including landscaping upgrades) as the property gets older.

Mr. Gamache stated that the proposal to reduce the Operating Fund revenues by \$70,000 was not prudent and was completely inconsistent with the annual budget communications sent to homeowners the past few years that stated that they could expect small measured increases going forward. He also questioned whether the unusual proposal to reduce the 2020 Operating Fund fees was due to the special assessments for the streets and the sidewalks. Mr. Medina said yes.

Mr. Medina discussed shaving certain sidewalks as an alternative to replacing certain sidewalks to save money. Mr. Gamache indicated that shaving sidewalks at this stage of the tree growth was a waste of money. He passed out photos taken the prior day by Bob Macfie (The Landings sidewalk repair vendor) at The Lakes in Weston showing sidewalks that were shaved earlier in 2019 (per Troy Miller the property manager) that needed to be replaced less than one year later due to the continuing growth of the roots under the sidewalks. Mr. Medina mentioned that the community had sidewalks shaved 7 years before and that most of the slabs shaved then did not need to be replaced presently. Mr. Gamache also passed out copies of the Weston city code Chapter 95 Property Maintenance Section 95.03(B)- Sidewalk Repair that requires that “the source of the sidewalk displacement be remedied to prevent future displacement” and indicated that given the size and amount of roots they cannot be properly pruned to comply with the city code without removing the sidewalk, saw cutting the roots and then using a backhoe to remove the roots on the surface and those under the dirt. Mr. Medina mentioned that the company that he spoke with regarding shaving would indicate those slabs that necessitated replacing and could not be shaved and pass City of Weston inspection. Mr. Gamache stated that In addition, there are numerous repair areas that are not ADA compliant including “roller coasters”, steeply sloped sections, cracks and repair areas across driveway pavers that were identified in the July 2019 insurance report that cannot be repaired by shaving. Mr. Medina replied that the July 2019 insurance report singled out specific areas and in some cases these were limited to two distinct problem areas, Mr. Medina further stated that the city of Weston had shaved sidewalks in many areas of City sidewalks as well as Permitting the shaving of sidewalks in private communities. Mr. Medina also mentioned

that the vendor could cut the roots at the shaved areas to comply with the city code. Mr. Ovadia felt that it was important for the community to be able to review an alternative vendor and approach related to the Association's largest expenditure.

A motion was made by Mr. Medina to allow Florida Sidewalk Solutions to survey the sidewalks and identify areas to be shaved in The Landings at no cost and no obligation. The motion was seconded by Mr. Ovadia. The motion did not pass. Mr. Medina and Mr. Ovadia voted yes. Mr. Gamache, Mr. Rassler and Mrs. Boles voted no.

Mr. Gamache presented a base case 2020 budget (Version 1) that was discussed at the Finance Committee meeting. The approach was consistent with prior years where individual fund requirements are evaluated separately and over a rolling 3 year period. The proposal included increasing quarterly fees from \$580 in 2019 to \$590 in 2020. The Street Fund fees are budgeted \$10, an amount that is expected to remain the same for the next few years. General Replacement Fund fees are budgeted at \$25, an amount estimated to represent the funding rate required for the next few years. Sidewalk Repair Fund fees are budgeted at \$35 in addition to a proposed \$1,500 per home special assessment to fund the estimated \$400,000 cost of the 2020 sidewalk repair program. The Operating Fund fees are budgeted at \$520. The wages for all guards increased to \$13.00 per hour. Switching guard companies to Platinum Group Security from Securitas and will save \$15,000 per year. Budgeted Operating Fund contingencies (uncommitted expenses) increased from \$5,000 in 2019 to \$20,000 in 2020 in line with average prior years' amounts.

All present agreed to the proposed \$13.00 per hour wage for the guards and to hire Platinum. Mr. Gamache stated that the \$10 quarterly fee increase was consistent with prior years' policy of small measured annual increases that are in line with inflation. He stated that it was prudent financial planning to include a targeted 5% contingency in the annual budget and that the 1% reserve in 2019 was an exception in order to avoid increasing annual fees in 2019 beyond the \$15 increase. He discussed the chart on page 6 of the 2020 Budget Review Supplemental Information – Committed vs Uncommitted Expenses 2014-2020. The average uncommitted portion of the prior year annual budgets has ranged from 6% to a low of 1% in 2019. The average was 4.6%. Over the time period all budgeted amounts were required for maintenance related items including sidewalk repairs, sewer line repairs and deferred landscaping upgrades. He stated that the \$35 fee for sidewalk repairs was necessary to fund the 2020 sidewalk repair estimate and that the Board should consider maintaining the fee for 2021 and 2022 during the street repair program to repair small areas if needed.

Mr. Gamache addressed 3 special assessment issues - affordability metrics, proposed costs and the related benefits. He stated that from a macro view the economy is the best in our lifetime. Unemployment is low, interest rates are low, wages are rising and the stock market is at all-time highs. If we need to special assess street repairs not previously funded or address sidewalk safety issues beyond our control, now is the best time to do it. From an HOA view, fees have been raised less than 2% per year since 2014. Home sales (20 in the last year) and prices remain strong in all neighborhoods. Tag fees for cars have averaged more than \$6,000 per year 2014-2019 (200 cars per year vs 243 homes). Clearly if homeowners can afford new cars every year they can afford the special assessments. In the next 3 years, 40%-50% of all neighborhood sidewalks will have been replaced, the community will have new streets and all major projects will have been completed. These benefits will only enhance property values.

A motion was made by Mr. Gamache to approve the 2020 budget (Version 1). The motion was seconded by Mr. Rassler. The motion passed. Mr. Gamache, Mr. Rassler and Mrs. Boles voted yes. Mr. Medina and Mr. Ovadia voted no.

A motion was made by Mr. Gamache to approve a \$1,500 special assessment payable in 2022 to fund the sidewalk repair program. The motion was seconded by Mr. Rassler. The motion passed. Mr. Gamache, Mr. Rassler and Mrs. Boles voted yes. Mr. Medina and Mr. Ovadia voted no.

The 2020 budget and the special assessment information will be sent to homeowners by mail and a special Board meeting will be called in December to “adopt” them.

Mr. Gamache addressed Mr. Medina’s email dated September 11, 2019 to the Board where Mr. Medina stated that it was his opinion that the initial budget draft included among other things “blatant padding of expenses”, “arbitrary increases to vendors” and “arbitrary funding of reserves” and stated that the assertions were factually incorrect, irresponsible and unprofessional and that an uninformed homeowner might incorrectly conclude there was bad faith or fraud by Board members.

Mr. Medina explained that his opinions were based on representations from Mr. Gamache during a Finance Committee meeting in 2018 regarding the lowering of the monthly assessment in 2020 if the Finance Committee agreed to the 2019 special assessment. This representation was substantiated by Mr. Soltero, a member of the finance committee who was present at the meeting. Mr. Medina went on to state that his opinions were also based on a comment by Mr. Gamache made during a finance committee meeting in which Mr. Gamache stated “the homeowners are used to paying \$580, why should we lower it.” This comment as well was substantiated by Mr. Soltero. Lastly, Mr. Medina provided the fact that the 2020 budget was balanced at exactly the equivalent of \$580 per home assessment with a specific expense line item that was \$5,000 in 2018 being increased to \$25,000. Mr. Medina mentioned that his opinion on “blatant padding” was based on these last two facts.

In respect to the arbitrary increases to vendors, Mr. Medina provided two instances where Mr. Gamache was advocating increasing the fees the association paid to vendors, without having those vendors ask for an increase in their prices.

Lastly, in respect to the arbitrary funding of reserve accounts, Mr. Medina mentioned that Mr. Gamache’s perspective of funding some, all, or none of specific future reserves (the arbitrary notion that Mr Medina spoke of) did not seem, to Mr. Medina, to meet the Florida Statute 720.303 6 (d).

Mr. Gamache also stated that Mr. Medina and the finance committee had the benefit of feedback and input from a meeting with Mr. Rassler and Mr. Jacobowitz as well as conversations with Mrs. Boles that took place before the finance committee meeting and that they were in general agreement with the overall initial draft of the budget and future year pro forma estimates that was prepared consistent with prior years approved budgets and that was consistent with prior years’ communications to homeowners regarding projected fee increases. In addition Mr. Gamache stated that overall General Replacement Fund cash balances were at historically low levels (since 2013) due to prior years sidewalk repairs and completion of numerous maintenance projects during the period 2013 - 2019. With respect to the “blatant padding of expenses”, Mr. Gamache stated that in response to Mr. Medina’s incorrect statements both in the email and at the Finance Committee meeting he had prepared additional analyses included in the 2020 Budget Review -

Supplemental Information including page 6 Committed vs Uncommitted Expenses 2014-2020 which showed that approved prior year budgets included uncommitted expenses (sometimes referred to as Landscape Extras) of 6% in 2014 and 2015 to a low of 1% in 2019 (\$28,000 to \$6,000). – averaging 4.6% per year The 2019 level of 1% (\$6,000) was artificially low in an effort to limit fee increases in 2019. The amounts included in the 2020 budget simply get back to trend but within an overall fee increase of \$10. In addition, Mr. Gamache stated that budgeted Maintenance Extras were \$77,000 from 2014 – 2018 and the actual spending was \$90,000 and that due to the age of The Landings, Maintenance Extras and the 2019 estimated costs, Maintenance Extras were prudently budgeted at a higher level in in 2020 (\$13,000 vs \$8,000 in 2019). Mr. Gamache also directed the Board to page 7 of the Supplemental Information – Combined P&L – Operating and Gen Replacement Funds 2014-2018 that showed the combined P&L of the Operating Fund and General Replacement Fund from 2014-2018 showed a loss of \$115,000 (not a profit) and that this correlated to a reduction in cash balances in the General Replacement Fund since the end of 2013. Expenses for sidewalk repairs and valley gutter repairs (\$283,000) exceeded total General Replacement Fund fees and Comcast revenues (\$274,000). In addition \$200,000 was spent on scheduled improvements (signs, lighting, tot lot, guardhouse, monument walls, visitor management system, street lights). With respect to the funding of reserves, Mr. Gamache stated that the 2020 budgeted funding of reserves was not arbitrary. Starting in 2020, the budgeted General Replacement Fund and the Street Fund fees were amounts estimated to represent the funding rate required for the next few years based on the information presented to the Board (consistent with prior years). The 2020 Street Fund fees represent the estimated amount needed in addition to the proposed \$1,500 special assessment (\$400,000 total) to fund the next round of sidewalk repairs based on a detailed address by address assessment (the same as prior years) presented to the Board in September 2019. With respect to the “arbitrary increases to vendors”, issues related to budgeted increases in guard rates and the property manager expenses were addressed at the prior Board meeting.

ADJOURNMENT:

Mr. Gamache moved to adjourn the meeting.

Mrs. Boles seconded the motion and it carried unanimously at 9:40 PM.