

Board of Directors Meeting
Willowcroft Owners Association, Inc.

Minutes

October 24, 2017
Residence of Richard Hord
3529 NW 18th Place
Gainesville, FL 32605

Attending: Domonique DeSantiago
Stewart Basefsky
Eric Beshore
Claire Germain
Andy Howell
Richard Hord
Sharon Miller
Leaha Neville
Huy Nguyen
Sally Ryden
Katie Floyd
Thomas Herman
Dennis Wyant

Others Present: Eugene Haufler, CAM Cornerstone Property Solutions of North-Central Florida, LLC.

WHEREUPON, Sally Ryden, acting on behalf of the Association, noting that a quorum of the Board of Directors was present, and the meeting was properly noticed, called the meeting to order at 6:10pm.

I. Minutes of Previous Meeting: Tom Herman made a motion to approve the minutes if the meeting held June 28, 2017. Dick Hord seconded this motion. All were in favor.

II. GRU Lighting Agreement:

Domonique Desantiago and Andy Howell distributed handouts to those in attendance, to facilitate discussion regarding the two plans Gainesville Regional Utilities is currently offering for the street lighting. Those handouts are part and parcel to these minutes. Andy Howell stated to those in attendance that there are differences between the proposal as submitted in June 2017 and now, specifically regarding the dollar value in projected savings per month that might be realized by changing over to the Agency Rate Plan from the currently. The savings is currently projected to be around \$411.00 per month. The caveat is that the HOW would take responsibility for the poles and luminaires, while GRU would remain responsible for all the other components of the lighting system. The projected recovery time for the initial monetary outlay to switch over to the agency rate plan is three years approximately. The initial outlay is \$14,894.99. Domonique DeSantiago stated that he had done an analysis of the agency

rate proposal and how it would affect the Willowcroft Homeowner's Association over time, etc. The new plan does not cover damages. The difference in cost of approximately \$5,000.00 per year is basically for insurance in the event of a catastrophic event. He deems this excessive. The cost to replace a broken pole is \$1,892.00 and a broken luminaire \$1,706.00. The question has been asked if insurance can be obtained on the lighting equipment, and management is seeking this information. Currently the cost of this policy through Lloyds of London is projected to be \$750.00 per year, plus applicable fees and taxes. Management is waiting on a written proposal for bound coverage. Andy Howell made a motion to change to the GRU Agency Rate Plan from the current plan based upon the projected savings, etc. Dick Hord seconded the motion. One voted in favor and two voted nays. The motion failed to carry.

- III. Paving: Management was asked to obtain quotations to add a ¾-in asphalt overlay over the existing asphalt, and to provide repairs as needed.
- IV. 2018 Proposed Budget: Dick Hord made a motion to approve the 2018 proposed budget as submitted. One Board member abstained from voting. Therefore there were not enough voted to adopt the budget. The budget therefore remains the same as for 2017 for the time being.
- V. Annual Meeting: The annual meeting is currently scheduled for January 16th at the Millhopper Branch of the Alachua Public Library, subject to availability.
- VI. Old Business:
 - a. Landscaping at the Entrance & Gate Improvements: The front gate is completed, and the rear gate has been ordered. Mr. Herman had inquired in a previous Board meeting about having gate technology that opens the gate in the event of power failure. Management submitted a quotation to the Board from Gainesville Ironworks in the amount of \$9,188.00 to upgrade the equipment. No motion was made at this time, so the issue was tabled to a future meeting. Management was asked request information from Gainesville Ironworks regarding potential savings from switching over to wireless technology.
- VII. Motion to Adjourn: A motion was made by Dick Hord to adjourn the meeting, which was seconded by Sally Ryden. All were in favor, and the meeting was adjourned at 7:31pm.

Minutes taken and respectfully submitted by Gene Haufler

Dominique DeSantiago

3512 NW 18 Place
Gainesville, Florida 32605

Phone: 352.374.6903

Fax: 352.374.6903

d.desantiago@cox.net

DATE: October 19, 2017
TO: Sally Ryden, President—Willowcroft Homeowner's Association
FROM: Dominique DeSantiago
RE: Analysis of Agency Plan Proposed by Andy Howell

The "Agency Plan" will reduce the Association's basic fee for lighting from \$445.50 to \$33.75 monthly¹. Due to the efficiency of the new 100 Watt LED luminaries, the \$411.75 savings will increase because of a corresponding reduction in taxes, fees, and energy costs that are a component of GRU's monthly utility bill.

Converting to the Agency Plan requires a one-time upfront cost of \$14,894.² Finally, unlike the current Rental Plan, the Agency Plan does not cover damage to luminaries and / or poles. Because all other provisions of plans are the same, the \$411.75 difference in monthly fees, in my opinion, is a risk premium. In essence the Association is paying about \$5,000 a year for insurance to cover the prospect of damage.

I have attached two hypothetical scenarios. Both hypothetical scenarios keep all costs stable during the proposed five year lease term³. The second scenario considers the cost of the upfront fee and the loss of a luminary and pole during the initial five-year lease term. Even under this circumstance, the Agency Plan will produce savings for the Association⁴.

At the expiration of the initial lease, GRU expects to convert to a month-to-month plan and continue to use the Agency Plan rate. This would be consistent with the Association's experience upon the expiration of its original five year lease agreement. It would be prudent to ensure this provision is explicitly stated in a lease.

Converting to the Agency Plan hinges upon one's tolerance for the risk of catastrophic damage to multiple luminaries and poles, and one's willingness to finance the upfront costs. Reasonable people can easily disagree whether conversion to the Agency Plan makes sense.

If the Association decides to convert to the Agency Plan, in my opinion, the best option to finance the upfront cost of \$14, 894 would be to use Association reserves. As my optimistic Scenario 1 Analysis shows, the upfront costs could be recovered in three years. Should the Association decide to fund the cost with a special assessment on homeowners, then I strongly encourage it develop an agreement that would require the special assessment be prorated between buyers and sellers at closing for the first three years of the agreement. Without this stipulation, in the short-term sellers would pay a disproportionate percentage of the special assessment. Cornerstone Management should be able to assess the feasibility of this provision.

¹ Since the original presentation to the Board, effective October 1, GRU has a new 100 Watt LED version of the Acorn Luminary that costs \$3.75 a month per pole (refer to the item C of the comparison table). This program has not yet been published on GRU's website.

² My original concern that the upfront fee referred to by GRU as "buying down the rate" was a mechanism to reduce the monthly fee only during the lease term proved unfounded. GRU communicated that upon signing the Lease Agreement their work crew would schedule installation of nine new luminaries.

³ Because the inflation rate has been very low in the last decade I decided to simplify each analysis and not increase costs. This is consistent with GRU rates. The monthly fee for the original Granville Acorn luminary did not change for a nine year period, and our current monthly fee has not changed in years.

⁴ This computation is based upon the June 2017 \$3,276 complete replacement cost for a damaged luminary and pole. The Association could recover its upfront costs, replace up to three complete luminaries / poles during the initial five year lease term, and still break even. For purposes of complete transparency, GRU has communicated that replacement costs are expected to increase with the rate of inflation. This increase is not factored into this illustration.

Rental Agency Light Rate Proposal (POC: A. Howell)

Drafted 5/12/17 (Revised: 6/28/17, 7/19/2017, 8/17/2017, 10/13/2017)

COMPARISON OF FEATURES	CURRENT PLAN Rental Light Rate (The "Rental Plan")	PROPOSED PLAN Rental Agency Light Rate (The "Agency Plan")
A. Plan Description	GRU owns poles & luminaires and has financial responsibility.	GRU owns poles & luminaires but <i>Willowcroft has financial responsibility</i> . E.g., If a car damages a pole, replacement of pole & luminaire would be exclusively performed by GRU, but at <i>your cost</i> . ¹
B. Damaged poles & luminaires	Yes. GRU replaces poles and/or luminaires at no cost when they are damaged.	No. Pole replacement is \$1,892, and luminaire replacement is \$1,706. If both are replaced, cost is \$3,276. ²
C. Monthly cost of luminaires & poles	\$445.50 ^{3,4} Rate is subject to annual increase by the city commission.	\$33.75 ⁵ Rate is subject to annual increase by the city commission.
D. Energy charges for the lamps	Any/all GRU Light Rate Classes do not include fuel adjustments, taxes or fees. ^{6,7}	
E. Up front installation cost	\$0. Keep the nine Granville luminaires and 100W HPS lamps on existing poles.	\$14,894 to replace nine Granville luminaires by Acorn luminaires with 100W LED lamps on existing poles. ⁸
F. New 5-year agreement	No. Original 5-year agreement expired about 2005. Rental is currently month-to-month. Note: Rate is subject to annual change by the city commission.	Yes. HOA contracts with GRU for a 5-year term. During this term, rate is subject to change by the city commission. At end of the term, rental is expected to become month-to-month at the agency rate.
G. Planned upgrades for obsolescence	"GRU does not have a program in place that provides for upgrading the Lamps / poles. If you are in need of a replacement globe or pole, that would be at your expense." ⁹	
H. Repair or replacement of lamps	GRU will continue to own the lighting system and will replace, maintain and repair all conductor, light bulbs or photocells. ¹⁰	

¹ GRU email dated 10/5/2017 from Tracy Wohl to Dominique DeSantiago

² GRU email dated 6/14/17 from Milvia Hidalgo. Using GRU labor & material rates as of 6/1/2017, pole replacement only is \$1,892, and luminaire replacement is \$1,706. If both are replaced, cost is \$3,276.

³ GRU email dated 5/3/2017 from Kelly McCoy. Also GRU email dated 10/5/2017 from Tracy Wohl. Nine (9) Light Type 26 Granville luminaires X \$34.50/month + nine (9) poles X \$15.00/month = \$445.50/month. As well, GRU bills dated Jan-Mar 2017 show this charge.

⁴ Gainesville city municipal code, Appendix A: Schedule of Fees, Rates, & Charges: Utilities, Para (1)(n)(2.) URL https://library.municode.com/fl/gainesville/codes/code_of_ordinances

⁵ GRU email dated 10/6/2017 from Tracy Wohl, EDFS Supervisor. Nine (9) Light Type L52 Acorn LED luminaires X \$3.75/month = \$33.75.

⁶ GRU email dated 6/20/2017 from Milvia Hidalgo to Andy Howell, Gene Haufler, and Sally Ryden.

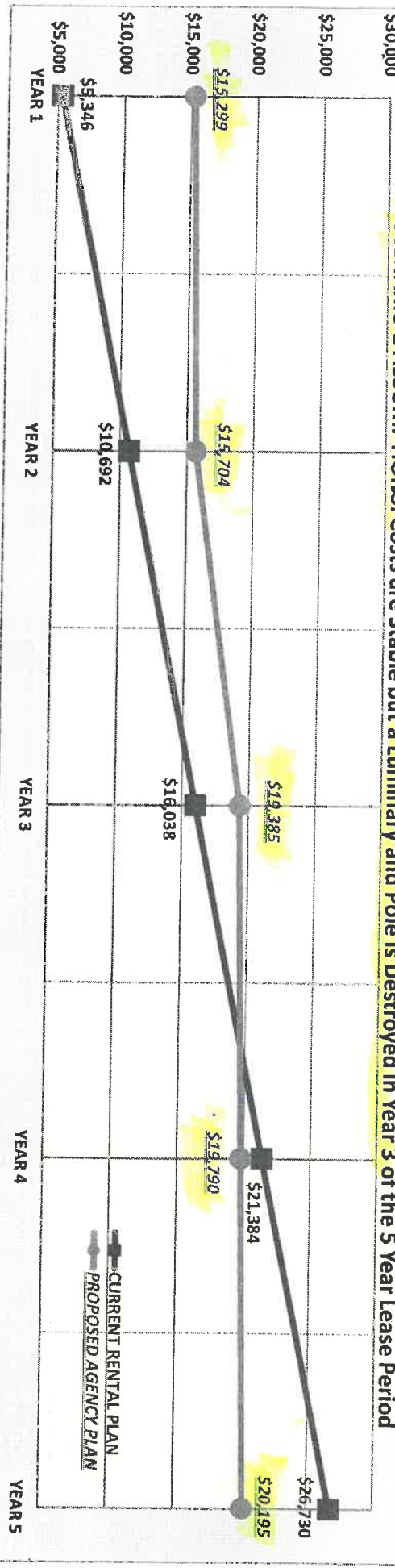
⁷ Rental Rates for Lights and Poles, page 5, GRU publication dated January 2017

⁸ GRU email dated 10/5/2017 from Tracy Wohl to Dominique DeSantiago.

⁹ GRU email dated 5/10/2017 from Kelly McCoy to Andy Howell with cc: copies to Sally Ryden, Gene Haufler

¹⁰ Ibid.

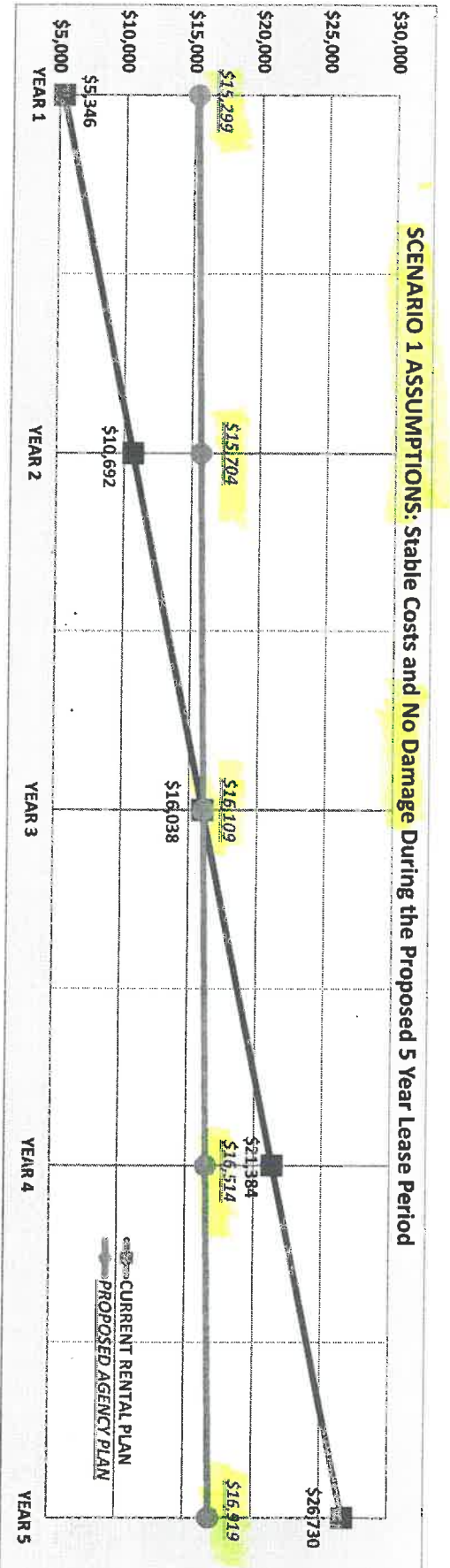
SCENARIO 2 ASSUMPTIONS: Costs are Stable but a Luminary and Pole is Destroyed in Year 3 of the 5 Year Lease Period



SCENARIO 2 ASSUMPTIONS: COSTS ARE STABLE BUT A LUMINARY & POLE IS DESTROYED IN YEAR 3 OF THE 5 YEAR LEASE PERIOD

CURRENT RENTAL PLAN	COSTS	COMMENT	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Conversion Costs	None	There is no requirement to change luminaries under the current plan.	N/A	N/A	N/A	N/A	N/A
Monthly Fee & Maintenance	\$445.50	The current Rental Plan includes the cost of regular maintenance. Although the Association's monthly fee has not changed in years, the City Commission can change the Association's monthly fee without notice.	\$5,346	\$5,346	\$5,346	\$5,346	\$5,346
Damage to Luminaries and / or Poles	Included	Under the current Rental Plan repairing / replacing damage to luminaries & poles IS covered by the monthly fee. However, this "insurance premium" does not cover obsolescence. Although GRU has no defined cycle for luminaire and / or pole replacement, when these components reach the end of their useful life, then replacement costs would be the responsibility of the Association.	N/A	N/A	N/A	N/A	N/A
ANNUAL COSTS FOR THE CURRENT RENTAL			\$5,346	\$5,346	\$5,346	\$5,346	\$5,346
CUMULATIVE TOTAL COSTS UNDER THE CURRENT PLAN (MONTH-TO-MONTH) DURING THE 5 YEAR PERIOD			\$5,346	\$10,692	\$16,038	\$21,384	\$26,730

PROPOSED AGENCY PLAN	COSTS	COMMENT	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Conversion Costs	\$14,894.00	With the proposed Agency Plan, there is a requirement to update all luminaries to the Granville Acorn style (using the existing poles). The conversion would be scheduled for installation upon signing of the 5 Year Lease Agreement.	\$14,894	N/A	N/A	N/A	N/A
Monthly Fee & Maintenance	\$33.75	The proposed Agency Plan includes the cost of regular maintenance. The 100 watt LED luminaries included herein were not an option at the last Board meeting. This new luminary reduces the \$87.85 monthly fee previously presented to the Board to a monthly fee of \$33.75 a month; it also adds the benefit of LED technology. Although the new LED Granville Acorn luminaries have no fee history, the monthly fee for the comparable Granville Acorn luminaries proposed at the last meeting remained unchanged from 2008 to 2017 (8/16/17 email from Milvia Hidalgo). Like the current plan, even with a binding 5 year lease, the City Commission is authorized to change the monthly Agency Plan rate without notice.	\$405	\$405	\$405	\$405	\$405
Damage to Luminaries and / or Poles	\$3,276.00	Under the proposed Agency Plan repairing / replacing damage to luminaries & poles IS NOT covered by the monthly fee. Like the current plan, when the luminaries and / or pole reach the end of their useful life, then replacement costs would be the responsibility of the Association.	No Damage	No Damage	\$3,276	No Damage	No Damage
ANNUAL COSTS FOR THE PROPOSED AGENCY PLAN			\$15,299	\$405	\$3,681	\$405	\$405
CUMULATIVE TOTAL COSTS UNDER THE PROPOSED AGENCY PLAN DURING ITS 5 YEAR PERIOD			\$15,299	\$15,704	\$19,385	\$19,790	\$20,195



SCENARIO 1 ASSUMPTIONS: COSTS ARE STABLE DURING THE 5 YEAR LEASE & NO POLE AND / OR LUMINARY DAMAGE OCCURS

CURRENT RENTAL PLAN	COSTS	COMMENT	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Conversion Costs	None	There is no requirement to change luminaries under the current plan.	N/A	N/A	N/A	N/A	N/A
Monthly Fee & Maintenance	\$445.50	The current Rental Plan includes the cost of regular maintenance. Although the Association's monthly fee has not changed in years, the City Commission can change the Association's monthly fee without notice.	\$5,346	\$5,346	\$5,346	\$5,346	\$5,346
Damage to Luminaries and / or Poles	Included	Under the current Rental Plan repairing / replacing damage to luminaries & poles IS covered by the monthly fee. However, this "insurance premium" does not cover obsolescence. Although GRU has no defined cycle for luminaire and / or pole replacement, when these components reach the end of their useful life, then replacement costs would be the responsibility of the Association.	N/A	N/A	N/A	N/A	N/A
ANNUAL COSTS FOR THE CURRENT RENTAL PLAN			\$5,346	\$5,346	\$5,346	\$5,346	\$5,346
CUMULATIVE TOTAL COSTS UNDER THE CURRENT PLAN (MONTH-TO-MONTH) DURING THE 5 YEAR PERIOD			\$5,346	\$10,692	\$16,038	\$21,384	\$26,730

PROPOSED AGENCY PLAN	COSTS	COMMENT	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Conversion Costs	\$14,894.00	With the proposed Agency Plan, there is a requirement to update all luminaries to the Granville Acorn style (using the existing poles). The conversion would be scheduled for installation upon signing of the 5 Year Lease Agreement.	\$14,894	N/A	N/A	N/A	N/A
Monthly Fee & Maintenance	\$33.75	The proposed Agency Plan includes the cost of regular maintenance. The 100 watt LED luminaries included herein were not an option at the last Board meeting. This new luminaire reduces the \$87.85 monthly fee previously presented to the Board to a monthly fee of \$33.75 a month; it also adds the benefit of LED technology. Although the new LED Granville Acorn luminaries have no fee history, the monthly fee for the comparable Granville Acorn luminaries proposed at the last meeting remained unchanged from 2008 to 2017 (8/16/17 email from Milvia Hidalgo). Like the current plan, even with a binding 5 year lease, the City Commission is authorized to change the monthly Agency Plan rate without notice.	\$405	\$405	\$405	\$405	\$405
Damage to Luminaries and / or Poles	\$3,276.00	Under the proposed Agency Plan repairing / replacing damage to luminaries & poles IS NOT covered by the monthly fee. Like the current rental plan, when the luminaries and / or pole reach the end of their useful life, then replacement costs would be the responsibility of the Association.	No Damage	No Damage	No Damage	No Damage	No Damage
ANNUAL COSTS FOR THE PROPOSED AGENCY PLAN			\$15,299	\$405	\$405	\$405	\$405
CUMULATIVE TOTAL COSTS UNDER THE PROPOSED AGENCY PLAN DURING ITS 5 YEAR PERIOD			\$15,299	\$15,704	\$16,109	\$16,514	\$16,919

GAINESVILLE IRONWORKS



2341 NW 66th Court, Gainesville, FL 32653

Phone: 352-373-4004 Fax: 352-373-0213
www.gainesvilleironworks.com

10/24/17

Cornerstone Property Solutions

Attn: Gene

Re: Willowcroft

Fax: 373-2715

Phone: 373-2730

Issues:

A battery back-up system cannot be installed on the existing Doorking operators.

We suggest the following:

- Remove old gate operators
- Provide (2 entry and exit) Viking F-1 gate operators
- Will hook up to existing loops system in road
- System has battery back-up (in case of power outages)

Total Cost \$9188.00

Our Liability and Workman's Comp Insurance Certificates are available upon request.

All quotations are good for a maximum of 15 days, and reflect all current increases in recent metal prices. Without receipt of a purchase order, Gainesville Ironworks reserves the right to revise any prices to reflect material costs after 15 days of this quotation.

A 50% deposit will get this project on our schedule.

If you have any questions, please call Shawn Rutherford.

Accepted by _____

_____ Date