

BALLANTRAE CONDOMINIUM ASSOCIATION, INC.
BOARD OF DIRECTORS MEETING

December 6, 2023

5:00 PM

St. Andrews United Church of Christ

AGENDA

- 1) Call to Order, Roll and Proof of Notice of Meeting
- 2) Vote on Loan Agreement not to exceed \$550,000.
- 3) Vote on contract for roof installation by Longboat Key Roofing, Inc. on 16 Buildings to begin in January 2024 and to be completed in approximately 120 days :

3606 - 3630; 3609 - 3633; 3673 - 3697 Gleneagle Drive; and,
7315 - 7339; 7318 - 7342; 7347 - 7371; 7350 - 7374 Royal Birkdale Drive, and
3710 - 3734; 3742 - 3766; 3774 - 3798; 3806-3814 Ballantrae Drive; and
7312-7336; 7344 - 7360 Kilarney Drive; and,
7301 - 7325; 7333 - 7357; 7365 - 7389 Ballantrae Place
Sarasota, FL 34238

- 4) Adjournment

BALLANTRAE CONDOMINIUM ASSOCIATION, INC.

Board Meeting Minutes

DATE: December 6, 2023 **TIME:** 5:00 P.M. **LOCATION:** St. Andrews Church

Board Members Present: Dennis Dryjanski, Dickie Furtado, Jim Boyd, Pat Paulson, Drew Lowther

Attendees: Mike Miller, Manager, approximately 42 residents

Call to Order: The meeting was called to order by Dennis Dryjanski at 5:00 P.M.

Vote on Loan Agreement not to exceed \$550,000

- 2 individuals offered to help with financing the roofs
- It will take 1.164 million to finish all the roofs (16 buildings)
- Reserve funds for roofs: \$700,000
- Low bidder is 23% lower than 2nd bidder.
- \$104,000 up front before starting
- A draw schedule would be setup.
- Insurance agent indicated a 12-24% discount if we finish all our roofs sooner than later.
- Borrowing terms from Truist – 6.8% No penalty to pay off early.

Jim Boyd made a motion to accept the loan agreement subject to attorney review.

Dickie Furtado seconded the motion. Motion passed 4-1. Drew Lowther voted against it.

Vote on contract for roof installation by Longboat Key Roofing, Inc. on 16 Buildings to begin in January, 2024 and be completed in approximately 120 days.

The 16 buildings to approve:

1. Building #9 (3606 – 3630) Gleneagles Drive
2. Building #11 (3609 – 3633) Gleneagles Drive
3. Building #14 (3673 – 3697) Gleneagles Drive
4. Building #15 (7350 – 7374) Royal Birkdale Drive
5. Building #16 (7318 – 7342) Royal Birkdale Drive
6. Building #17 (7315 – 7339) Royal Birkdale Drive
7. Building #18 (7347 – 7371) Royal Birkdale Drive
8. Building #19 (3710 - 3734) Ballantrae Drive
9. Building #20 (7344 - 7368) Killarney Drive
10. Building #21 (7312 – 7336) Killarney Drive
11. Building #22 (3742 – 3766) Ballantrae Drive
12. Building #23 (3774 – 3798) Ballantrae Dive
13. Building #24 (3806 – 3814) Ballantrae Drive

- 14. Building #25 (7365 – 7389) Ballantrae Place
- 15. Building #26 (7333 – 7357) Ballantrae Place
- 16. Building #27 (7301 – 7325) Ballantrae Place

Dennis Dryjanski made a motion to approve the roof installation by Longboat Key Roofing on 16 buildings to begin in January, 2024 and be completed in 120 days. Jim Boyd seconded the motion. Motion passed 4-1. Drew Lowther voted against it.

Adjournment:

Pat Paulson made a motion to adjourn the meeting. Jim Boyd seconded the motion. Motion passed 5-0. Meeting adjourned at 6.15 P.M.

Respectfully submitted,
Pat Paulson, Secretary

See attached roofing benefits and disadvantages

Meeting video available: <https://www.counter-point-online.com/meeting-videos>

Ballantrae Roofing Benefits and Disadvantages
December 6, 2023

Benefits

- 1. Roof replacement solves the marketability and mortgage qualification problem and opens Ballantrae to all mortgage products as well as cash sale.**
- 2. Roof replacement opens the insurance market to more participants and the anticipated savings are 12% to 24%. These savings would offset the debt service for the loan for the new roofs.**
- 3. Unit owners who currently have wood shake roofs would be eligible for discounts on the interior insurance that shingle owners currently benefit from.**
- 4. The current insurance creates an unfunded contingent liability since the roofs are insured for depreciated replacement cost rather than full replacement cost. The impact of an event such as a hurricane could create damage which would result in a special assessment. Replacing the wood shake roofs would remove that endorsement with the Association simply providing evidence that the wood shake roofs have been replaced.**
- 5. The Longboat Roofing Contract is budget friendly and does not create the need for any increase in the proposed 2024 fees.**
- 6. With the roof replacement, we no longer have old wood shake units next to newer shingle roofs and the community has a balanced appearance and values are enhanced.**

Disadvantages

- 1. Ballantrae has to borrow money for the roofs to be replaced. The other option is a special assessment of about \$4,900 per unit.**

Board Member Drew Lowther asked a number of questions as to the wisdom of proceeding with the roof project. These questions are as follows:

1. **How selectively is this rule being enforced? I have heard 10 different variations of answers.** This is directed to the mortgage qualification issue. The worst part is that our values have already been impacted by the two contracts that failed due to the roofs being insured for depreciated replacement cost.
2. **What is the difference in Incremental cost of insurance Versus interest cost over the next couple of years, also, taking into account the roof life we lose by replacing roofs early?** Obviously, if Atlas Insurance could provide full replacement cost insurance for the roofs at a realistic price, they would. The wood shake material is a problem for insurers as is the age of the roofs. Atlas Insurance indicated the premium to insure the roofs would be about \$700,000 annually. The budget number for insurance for 2024 is \$308,595. The \$700,000 premium would add \$320 per month to the fees. The fee structure would increase to \$1,005 per month with partially funded reserves and \$1,069 per month with fully funded. These fees combined with the lack of mortgage funding would add to the marketability problem in Ballantrae and create additional diminution in values.
3. **Has there been pushback from other condo associations against this very recent onerous regulation? If so, is there any talk of changing the rule?** Tommy with Atlas Insurance indicated that he expects this to be interpreted more leniently in the future. When posed with the question, does Ballantrae need to plan on replacing the roofs every 15 years, the answer was no. Unfortunately, this is the current rule and we have a serious problem today that requires immediate action.
4. **Have we talked to our insurance agent about our options for replacing the roof versus continuing to reinsure them?.** Yes. Replacing results in the opportunity for a 12% to 24% discount in our premium.
5. **Since this is such a big expenditure, have we even polled the homeowners on their feelings of borrowing a huge amount of money at 6.8% to buy roofs?** Obviously, the borrowing is a part of the roofing issue. To poll on just one part of the issue would be irresponsible.

The Ballantrae Treasurer wrote a letter to the community and asked for any reasons to not proceed with the roof replacement. Coincidentally the only negative comment was related to borrowing the money for the roofs.

The Ballantrae Treasurer has prepared around 10 cash flow forecasts and the roof project makes sense without any anticipated discounts for insurance. With discounts, this provides an opportunity for more affordable association fees in the future. The values of our units are at stake here. We have a problem and an immediate solution. It is time to implement the solution. Of course we can study this until roofing prices go up and we can no longer afford the current solution. The evidence is pretty clear.