



The Cove of Seminole County HOA, Inc.
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Minutes
Board Meeting
Date: 3 November 2018
Place: Brooklyn Water Bagels, Lake Mary
Time: 9:00 a.m.

Board Meeting Call to Order: 9:10 a.m.

Attendance: Chris Gonzales, Ramesh Bakhru, Ron Schade. Ed Hanna had previously notified the Board that he would be out of town, and unable to attend. J.R. Goodman texted at 9:10 a.m. that he would not be attending the meeting, as he did not feel well that morning.

Business Items: The principal purpose of the meeting is to make final decisions regarding the FY 2019 budget for the HOA, as it must be submitted to the homeowners in the next week.

- **CMS CONTRACT:** Discussion opened regarding the renewal of the HOA contract with CMS Orlando, our management company. The CMS contract carries an increased cost, which the HOA must absorb. Several different points were discussed and debated, including having six scheduled meetings as opposed to 12, having 12 meetings but only inviting CMS to attend six, and having six scheduled meetings and adding additional special meetings as needed.
- **AGED OWNER REPORT:** As of 2 November 2018, a total of 62 households in the community owe money to the HOA, totaling an amount of \$13,694.78. The number of households (62 of 129) represents 48% of the homeowners. The amount currently owed to the HOA has been increasing over the last few months. Individual amounts owed range from less than \$5.00 to as high as \$1289.36. This lack of income negatively affects the entire HOA.
Several options were discussed to collect the funds owed, including collection agencies, and increasing the amount of interest that is charged to the delinquent homeowners.
Schade made a motion, which was seconded by Bakhru, to increase the interest charged to 2% on a monthly basis, beginning January 1, 2018. This would allow homeowners until the end of the calendar year to settle their accounts prior to the increase. Motion passed, with a vote 3-0 in favor.
The HOA reserves the right to use collection agencies in the future.
- **BACKFLOW VALVE REPLACEMENT:** Upon regular yearly inspection, a 1" Wilkins PVB backflow device failed and must be replaced. Aaron's Backflow Services submitted an estimate to replace, costing \$640.00. Schade motioned, seconded by Gonzales, that we authorize Aaron's to complete the work. Motion passed by vote of 3-0.
- **BUDGET:** We're roughly \$41,000 over budget for 2018, through October. Major unexpected outlays include replacement of security camera system at the front gate, new gate control system at the front gate, and legal expenses. Homeowners owing \$13,694.78 also negatively affected the budget. The HOA has been able to trim the cost of landscaping.

One major expense has been our legal services. The HOA has overspent the 2018 budget for legal fees by over 100%, that amount expected to increase drastically over the remainder of the fiscal year.

Over the last few years, the HOA has continuously run over budget, with the amount of our reserves dropping significantly. An increase in the annual assessment for FY 2018 of \$36 per year did little to stem the deficit.

Discussion centered around the return on investment back to the homeowners. The HOA Board remains frustrated by lack of involvement from the homeowners, as witnessed by lack of attendance at the regularly scheduled meetings, including the annual meeting, lack of payment of regular assessments, lack of interest by waterfront homeowners in reference to pending St Johns Waterfront Management and Florida Fish and Wildlife intervention, and lack of adherence to notices sent by the HOA to make necessary adjustments to physical property, i.e. trimming trees, fixing fences, power washing sidewalks.

After lengthy discussion, it was determined that an increase in the annual assessment is necessary. Since the HOAs legal documents allow for a maximum increase of 10% per year, the maximum amount of an increase may be no more than \$76/year, or \$19 per quarter. (The current assessment is \$760/year, or \$190 quarterly). A motion was made by Gonzales, and seconded by Schade, to raise the yearly assessment by \$76/year, or \$19 per quarter, beginning January 1, 2019. The motion passed unanimously, by a 3-0 vote. The increased projected revenue from this increase is \$9,804. The income will be used to increase the budget line for legal expenses, and to replenish reserves.

- **UPDATED FINAL DEMAND – VIOLATION LETTER:** The community has been working with CMS and the lawyers on an updated third notice to delinquent homeowners, who have not cured violations, nor contacted CMS. Updated language reminds homeowners that the HOA retains the ability to remedy said violations, and bill the homeowners. Such language is strong, but necessary as the number of current violations continues to increase. Schade motioned to accept the new version of said letter, seconded by Bakhru. Motion passed by unanimous vote of 3-0.

Adjournment: With no further business to conduct, the meeting was adjourned at 11:14 a.m.