

Forest Oaks II

Homeowners Association

Annual Meeting December 12, 2024 Minutes

The Annual meeting for the membership/homeowners of the Forest Oaks II Homeowners Association was held on Thursday, December 12, 2024 at 6:30 p.m. at the Clubhouse.

Members Present

A quorum was established with 50%, with 40% being the required threshold to meet a quorum to conduct business of homeowners either present in person or by proxy.

The following Board members were present:

JoAnna Medlen - President
Nancy Miller – Vice President
Linda Johnston – Secretary/Treasurer
Karen Stutzman – Director
Tonna Collins – Director

JoAnna called the meeting to order at 6:34 p.m. Nancy recognized the board members present and introduced guest Mike Craig, Judy Tabbert, and Barry Tidwell, the owner of Procut.

JoAnna stated the meeting would be conducted according to Roberts Rules of Order Simplified and asked homeowners not to speak until addressed and called on to speak. This will allow everyone to hear what is being said and will keep the disruption of conduction business to down. She reminded homeowners to keep conservations with their neighbors down so everyone may hear what is being said.

Linda Johnston certified the roll and proxies. Linda provided Proof of Notice to the Board and homeowners. Notification of the 2024 Annual Meeting was provided by letter or email to all homeowners, listed in the newsletter calendar, posted to the association website, and posted on the door of the Clubhouse.

JoAnna thanked all the homeowners who had come out to attend the annual meeting.

Minutes

Linda asked Ms. Tabbert to read the December 07, 2023 minutes. JoAnna called for a motion to approve the minutes as read. Motion to approve the minutes as read by Becky Avaritt, seconded by Rochelle Malone, motion carried, unanimously approved.

President's Report

JoAnna reported to the homeowners that the painting project was completed and thanked everyone for being patient with the painters while they were working. There was more rotten wood than anticipated, Masonite that had to be replaced, and then the discovery of delaminated wood. The HOA was unaware that repairs had been made on some units by the management company using Masonite until it started falling apart and was found during painting. The Board had worked hard to identify rotten wood to be repaired before beginning painting. Work would continue into 2025 on repairing areas where rotten wood existed and removing any Masonite found. Elizabeth will share more about this and show some pictures of it, and I will have some samples to show later

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Nancy shared that Governor Bill Lee signed into law in 2023 a new Tennessee Law about HOA reserves. The law requires Tennessee Condominium Homeowner Associations to have a Reserve Study done by January 1, 2025. Forest Oaks II, in compliance with state law, had a Reserve Study done by Reserve Study Group, who is credentialed through the Community Association Institute. The findings of the reserve study has caused a significant impact to the 2025 budget. Elizabeth will share more about the reserve study and how it is affecting the budget.

Linda reminded all homeowners to submit an Architectural Modification Request to her before doing any work on the exterior of their unit and to make sure the contractor doing the work has insurance coverage and to turn in the insurance coverage with the request. Elizabeth will talk about the 2025 budget later.

Karen shared the new lawncare services was Procut asked the owner Barry Tidwell if he would like to address the homeowners. Mr. Tidwell introduced himself and asked homeowners to reach out to him about the lawncare services and gave out a phone number for homeowners to call. He stated he looked forward to working with the homeowners at Forest Oaks II. Karen then reviewed the services provided by the lawncare services and stated that all homeowners would be provided with a copy of the lawncare services in the packet to go out to homeowners. The Board had approved a new contract at a lower cost than the previous contract. The contract did not provide some services provided in the previous contract, to help with the cost of lawncare services to homeowners.

Tonna stated the problem with pet waste had improved but it still needed to be better as homeowners were still reporting stepping in surprises. She reminded homeowners to turn in Work Request, as Board members depend on the homeowners to help with identifying work that needs to be done.

Committee Reports

No committee commented.

Election of Officers

Two (2) directors' seats were on the ballot. Nancy asked Donna Acheson to monitor the counting of votes and Ann Barnes and Becky Avaritt to count the ballots. The monitor and ballot counters retired to the side room. Upon returning to the room Ms. Acheson reported the results to Linda Johnston, the secretary. Nancy Miller and Tonna Collins were elected with a majority of votes.

The next business of the Board was to appoint officers for the 2025 year. Motion by Linda for all officers and directors to continue in their current seats, President – JoAnna Medlen, Vice-President – Nancy Miller, Linda Johnston as Secretary/Treasurer, Tonna Collins as a Director, and for Karen Stutzman as a Director, seconded by Karen, motion carried, unanimously approved.

Unfinished Business

No old business was brought forward at the meeting.

New Business

JoAnna asked Elizabeth to review the 2025 budget. JoAnna thanked Elizabeth for time she gave the HOA free of charge to help the Board develop the budget and understand the budget needs,

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especially this year. The Board has looked at reserves and tried to have the reserves needed but the way the new state law puts it was different.

Elizabeth introduced herself as a homeowner at Forest Oaks II and that her background had been in accounting as a professor at Middle Tennessee State University and that she is now retired. Elizabeth Abernathy presented the annual financial report, which included the 2025 budget analysis, 2025 budget approved by the Board, and a schedule breaking down how 2025 monthly dues are budgeted to be spent.

She communicated the following key points:

- a. The Board voted to substantially increase homeowners dues effective January 1, 2025, with $\frac{1}{2}$ of the increase due to higher operating expenses & $\frac{1}{2}$ due to increased reserve funding following enactment of a new Tennessee law. The amount of 2025 monthly dues will be officially announced later in this meeting.
- b. It is very likely that in February 2025, the Board will vote to assess each homeowner to pay for repairing rotten and delaminated wood. This major repair project is still underway, so its total cost is not yet known. It is possible that each unit may be assessed between \$1,000 and \$1,200.

At this time, the Board's plan is to give each homeowner two options for paying the assessment:

Option 1: in full by April 30, 2025

OR

Option 2: in 3 equal installments due in April, July, and October 2025

Elizabeth provided background information from the December 2023 annual meeting, when the Board announced its decision not to increase monthly dues in January 2024. After the November 2023 expiration of a very favorable 3-year lawncare contract, an increase in monthly dues was avoided in 2024 only by suspending funding the Painting Reserve for one year only (2024) and discontinuing pest control service. This meant: 1. hoping only modest amounts would be needed to repair rotten wood when all units were painted in 2024 (reasonable based on the wood's condition when viewed from the ground with the naked eye) and 2. resuming funding the Painting Reserve in 2025. Therefore, it was communicated to homeowners at the December 2023 annual meeting to expect an increase in homeowners dues of around \$50/month (to \$300/month) in January 2025.

As anticipated, homeowners' monthly dues would have increased to \$300 in January 2025 IF a new Tennessee law had not been enacted. The story of this new law began in Miami in June 2021, when 12-story Surfside Condominiums collapsed, causing the deaths of 98 people. Major reasons for the collapse were postponed major repairs and underfunded reserves. In response, the Florida legislature passed a bill requiring condominiums in that state to substantially increase their reserve balances immediately. Some Florida condominiums assessed owners \$100,000 or more per unit in addition to increasing monthly dues. Tennessee then passed its own law pertaining to condominium reserves. The law requires that condominium associations obtain a reserves assessment study by a qualified outside consultant by January 1, 2025. As of now, the Tennessee law does not appear to require immediate funding of reserve shortfalls (thus it is not as onerous as the Florida condominium law). However, there is always the possibility that an additional Tennessee law will be implemented that requires immediate catch-up funding of reserves. FOII's Board and our legal counsel, Mike Craig, are monitoring this.

Mike Craig gave a few additional comments regarding the new Tennessee law. Mr. Craig shared the law was still new and no guidance had been provided on it yet nor had there been any court cases contesting the law that could provide guidance.

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Elizabeth reported that to comply with the new Tennessee law, the Board retained Reserve Study Group in Nashville to prepare a reserves study. This study will be available to homeowners on FOII's website by January 1, 2025.

Key findings of the study (found on page 5, projected on the screen) were:

-FOII's reserves are currently 16% funded, with a current reserve balance of \$386,512 compared to a fully funded reserve balance of \$2,351,751. That's a shortfall of \$1,965,249, which equals \$16,797 per unit. (This means that if we were living in Florida, each homeowner would be assessed \$16,797 due immediately. BUT, at this time, the Tennessee law is not interpreted to require immediate reserves funding catch up, and the Board is not assessing each homeowner \$16,797).

-Page 6 (page 6, projected on the screen) of the Reserves study recommends the following annual reserves funding (compared to the originally planned \$87,000 reserves funding in 2025):

- Baseline funding \$286,642/year
- Full funding \$296,103/year

Elizabeth noted that over the past 10 years, FOII has done its best to stay on top of funding its Painting and Roofing reserves, including receiving estimates every few years from Dowell Roofing, a reputable local roofer. Our roofing reserve has increased from \$37,037 as of December 31, 2010 to \$318,102 as of November 30, 2024. The outside reserves study analyzed not only future costs for painting and roofing but also large outlays such as siding. The consultant estimated that siding would need to be replaced around 2035 at a projected cost of approximately \$1.3 million.

In making 2025 budget decisions, the Board considered options of meeting the outside consultant's funding recommendations, which would have required the following monthly homeowner dues in 2025: \$445 (baseline funding) or \$450 (full funding). The Board voted not to increase monthly dues to \$445 or \$450 in a single step effective January 2025. Instead, the Board's current plan is to take several years to increase reserves funding to the consultant's recommended amount. Homeowners should be prepared for increases in monthly dues of at least \$50 in January 2026 and another \$50 in January 2027. If an additional Tennessee law is passed requiring condominiums to meet the consultant's recommended maximum contribution, full funding, the Board may have to increase monthly dues mid-year.

Elizabeth noted that when reviewing a mortgage application (purchase or refinancing) for a FOII condominium unit, mortgage companies request a copy of our outside reserves study then analyze the status of our reserves. If the Board had not increased reserves funding in 2025, it could have hurt homeowners' ability to obtain mortgages.

Elizabeth then discussed the anticipated assessment in 2025 to pay for repairs to rotten and delaminated wood. When the painting project began in April 2024, the first step was for Renovia to pressure wash each building. It became clear that there was FAR more rotten wood than had been visible from the ground with the naked eye.

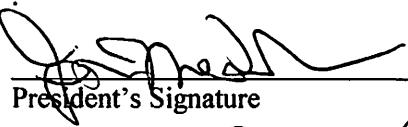
The reasons for the rotten wood are:

- Normal wear and tear
- Shoddy repairs in years before FOII became self-managed
- Substandard work in 2014 by the roofing company Timmons Properties recommended following a major hail storm. Shingles were cut too short so that water runs behind the gutter rather than into the gutter. In some cases, the rotten wood was not visible until 2024 when the gutter was removed. Since 2014, FOII has paid thousands of dollars in repairs because Timmons recommended an unbonded roofing company and would not accept a bid from Dowell Roofing, a Murfreesboro roofing company.

In addition to rotten wood, some of FOII's buildings have delaminated wood (when wood separates because moisture has caused a fungus to attack it).

ADJOURNMENT

The next regularly scheduled meeting will be held on Thursday, December 11, 2025, at 4:30 p.m. at the Clubhouse. A motion by Tonna to adjourn, seconded by Karen, motion carried, unanimously approved.


President's Signature

12-11-25
Date


Secretary's Signature

12/11/25
Date