

Myrtle Trace Roof Renewal Program

Dear Realtor:

In 2005/2006 maintenance costs for Unit roofs had increased to a point where some action was needed to contain them. The roofs were the originals installed when Myrtle Trace was built in 1984/1986. Nineteen of the worse roofs had been replaced from 1996 to 2006 using up the roof reserve accumulated to that time. Remaining funds were inadequate to take care of replacing the final 70 roofs, which as stated were also deteriorating at a rapid pace.

The Board took action and solicited bids from several roofing contractors to replace these 70 roofs. The bidding was done on the basis of specifications and plans provided us by an Architectural/ Engineering firm specializing in roofing. The specifications meet the current Florida Hurricane Code requirements (allowing a reduction in insurance costs).

The Contract was awarded in May 2006 and the work completed in August 2007. The final total cost of the construction loan obtained from Northern Trust Bank was \$4,005,000.

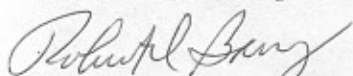
Two options were available to address this debt. One was a special assessment of \$22,500 to each owner for complete retirement of the debt, or second, to finance an amount to be paid over time.

The Board of Directors decided the second option was best for Myrtle Trace. The State of Florida requires condominiums to include in fees four mandatory Reserves, one being for roof replacement. If the special assessment was collected to retire the loan, the fees would still be required to include approximately \$480 per quarter for future roofs 20 years into the future. This would double dip owners for roof costs, and not reduce fee amounts being collected.

An ad hoc committee of residents was formed to solicit bids from local banks. A Term Loan proposal from Northern Trust Bank at 5.375% was selected. To closely match the mandated roof reserve contribution of \$480 per quarter and to pay the principle and interest through 2008, the Board opted to special assess owners in the amount of \$4468. The loan was paid down to \$3,5005,000 in February 2008. This made the quarterly fee contribution for roofs \$482.90, which will be part of the regular budget into the future, in lieu of the typical reserve contribution of \$480.

The 2008 budget (\$1134 per quarter) did not include a roof contribution (handled by special assessment) but did include funds for Renewal Projects aimed at maintenance cost reductions. In part, projects includes a new pool heater/cooler, new irrigation pumps and controls, replacement of electrical service to homes, area lighting renovations, new A/C for the club house, and others. Also, Professional Arborists were hired to trim our trees, invasive plants were removed and replaced by Florida friendly species, and the Entrance signs were restored. These projects are now complete. As a result electrical utility usage has dropped, and other maintenance costs have been cut. These savings provide the opportunity to not only delete the special one-time project costs from the 2009 budget but to reduce maintenance costs as well. At this writing the target for 2009 fees is in the range of \$1370 to \$1390 ($\$1134 + \$482.90 - \$236.90$) per quarter, with no special assessments anticipated. This increase takes into account expected rises in utility rates, insurance, cost of living indexing for service contracts and labor rates.

Thanks for your help,



Robert D. Banz, Board President, Myrtle Trace Condominium Association

Friday, September 12, 2008