



## VINTAGE GRAND CONDOMINIUM ASSOCIATION 2020 NEWSLETTER #7

### The Vintage Grand Condominium Association Newsletter

The newsletter is a team effort of the Vintage Grand Board of Directors and reflects the input and review of each of us. Our goal is to provide key information through this newsletter on a monthly basis. More time sensitive information will be communicated by President's Letters or owner update e-blasts between newsletters.

### Key Goals and Priorities for 2020

1. Continuous progress on the remediation of buildings
2. Continued focus on the care and maintenance of grounds and common elements.
3. Proficient and professional management of the day-to-day operations of our association
4. Open two-way communication with owners

## 1. Building Remediation Update

### Settlement of Building Collapse Insurance Claim

- While the arbitration process slowly moved forward on our building collapse insurance claim, with numerous delays, our lawyer was - in parallel, at our instruction - making efforts to negotiate a settlement. After several months of negotiations, our lawyer was successful in obtaining a settlement offer from the Lloyds of London insurance consortium that will provide the Association with **net proceeds of \$900,000**, which we will receive before 2020 year end.
- The legal costs of the insurance claim action had been negotiated in 2016 as 35% on a contingency basis. Our attorney has agreed to accept only 21.7% and to cover all expenses incurred thus far. The negotiated settlement from Lloyds of London was \$1,150,000. With attorney fees of \$250,000, Vintage Grand receives \$900,000.
- The Board of Directors deliberated on this offer during a closed legal board meeting on September 23, 2020 and solidified a decision to accept the offer at its open board meeting on October 5, 2020. The Board arrived at this decision after carefully considering the risks and potential costs of continuing to pursue the claim through the arbitration process.
- Our lawyer has provided a written synopsis of the issues associated with our claim, and the rationale for accepting the settlement offer. This document has been posted to the Vintage Grand website at [Click Here](#)
- This settlement concludes the two compensation efforts initiated by the 2015 and 2016 owner Boards, the other being the lawsuit against the developer and developer-led Board. In total the Association received \$ 1,269,750 from these actions, which has been/will be used to expediate completion of the building remediation project.

### Current Phases of Remediation

- Schedule and Status Information:
  - Detailed schedule and status information for the buildings that are currently in progress is posted on the Owners' page of the Vintage Grand website at <https://vintagegrand.org/building-restoration-project/>

- Overall Progress on 2020 Work Plan:
  - R. L. James has completed its work on buildings 5, 23 and 21. The Association has completed its post-remediation work on buildings 5 and 23 and has started post remediation work on building 21.
  - R. L. James' work on building 20 is now approximately 60% complete and is progressing on schedule for completion by mid-December.
  - By the end of 2020, we will have completed fifteen (15) of the twenty-eight (28) residential buildings in the complex (54% completion of the entire project).
- 2021 Work Plan:
  - At its October 5 meeting, the Board passed a motion to remediate a total of four (4) buildings in 2021: buildings 1, 2, 3 and 6. Those buildings were selected based on condition assessments and construction efficiency considerations.
  - Owners in these buildings should refer to the "What to Expect" document to prepare themselves for the remediation work. [Click Here](#)
- Actual vs. Estimated Costs for Completed Work:
  - Through September of 2020, the accumulated cost of work completed under R. L. James contract exceeded the initial contract cost estimates by about 3.5%. Spending on balcony support structures, breezeway arches and attic repairs has significantly exceeded the original cost estimates but that has been offset by underspending on wood frame repairs behind the stucco walls.
- Project Financing:
  - At its October 5, 2020 open meeting, the Board passed a motion to deposit the \$900,000 of net proceeds from the building collapse insurance claim into the building remediation contingency account. We expect to receive those proceeds some time in November. With that deposit, we should be able to avoid any borrowing of funds from reserves to complete the 2020 work plan. Current cash flow projections indicate that approximately \$250,000 of the insurance settlement proceeds will be ultimately absorbed by residual spending on the 2020 work plan leaving approximately \$650,000 available to finance additional work in 2021
  - The 2021 work on buildings 1, 2, 3, and 6 will be financed with the remaining net proceeds from the building collapse insurance claim settlement plus a total of \$2,000,000 in budgeted contingency fund assessments in 2021. Based on pricing that has been negotiated with R. L. James and our current forecasts of other project expenses, we expect to finish 2021 with approximately a \$100,000 surplus to carryover to 2022 in the building remediation contingency fund.
  - During the recent polling discussed later in this newsletter, only 24% of responding owners voted in favor of obtaining a construction loan in 2022 to finance the balance of the building remediation project. That level of support falls far below the loan approval threshold defined in our Association's Bylaws for loans over \$25,000 (our Bylaws require approval of "at least two-thirds of the Units represented at a members meeting at which a quorum has been attained"). Based on the polling results, the Board has concluded that the remainder of the project will be self financed. With self financing, the Association should be able to complete all remaining buildings by the end of 2024.
  - The tentative plan going forward will be to work from the north to the south end of the complex and not deviate from that pattern unless there is evidence of a severe building condition that requires prompt attention.

## Status of Legal Proceedings

- Building Collapse Insurance Claim - Insurance Brokerage Firm: As noted above, the Association has now settled its insurance claim with the Lloyds of London consortium. However, there is an open legal complaint that the Association filed against the insurance brokerage firm that prepared the application for the policy in question regarding errors that were made during the policy application process. Board representatives will be meeting with legal counsel to determine what our next steps should be regarding that filing.
- Hurricane Irma Roof Damage Insurance Claim: The Association filed an insurance claim on July 10, 2020 regarding roof damage that we believe was caused by Hurricane Irma in 2017. The insurance carrier has started its investigation. A variety of historical records have been compiled and furnished to the carrier through our legal counsel. On-site inspections were performed in mid-August by an engineering firm hired by the insurance carrier and our legal counsel has engaged a separate engineering firm to complete a formal forensic engineering study on behalf of the Association. Reports from both of those engineering studies should be published before the end of 2020.

## 2. Grounds and Common Elements Update

### Grounds & Common Elements Improvements

- Our maintenance staff and vendors have been busy on projects around the property. Over the past 6 weeks they have completed:
  - Repairs and maintenance to the lights, drains, and pumps of the swimming pools
  - Replacement of the rusted-out dog waste stations behind buildings 5, 18, and the pier.
  - The irrigation system pumps are being serviced and repaired by an expert company referred by our new landscape irrigation company.
  - Our maintenance staff completed a comprehensive inspection of the building and streetlights, replacing all burnt out lights and photocells.
  - Various electrical and drainage repairs and upgrades were identified and completed
  - Water meters requiring replacement in buildings 1,2, and 3 were completed and owners in building 2 have been invoiced, the others are in progress.
  - The quarterly safety testing of the fire alarm and strobe systems and necessary tune-ups
  - The trash compactor door hinges broke off. New hinges were installed and the door rehung with minimal disruption.
  - The replacement of the main water valve and ball valve for building 20, which necessitated shutting off the water to the complex for several hours followed by a precautionary boil water advisory

## 3. Proficient & Professional Management of the Association

### 2021 Budget and Special Members Meeting

- We hope you have read the information contained in the October 13 [e-blast/mailling](#) about the 2021 budget and the Special Members Meeting scheduled for Tuesday December 1, 2020 at 6 pm at Covenant Life Presbyterian Church, 8490 McIntosh Rd.
- The 2021 budget includes a 2.8% increase in assessments, largely due to increasing Reserves funding to 65%. Reserves have been funded at 55% for 4 years and it is prudent to slightly increase the amount we are setting aside for future replacement of Association assets.
- Members will be voting on 3 financial items at this meeting. Please refer to the Treasurer's letter in the e-blast/mailling and available [here](#) for details. Voting will be live on October 26, 2020 and by mail-in proxy. Please cast your vote without delay so we can achieve a quorum for this important meeting.

## Annual Members Meeting and Election of 3 Board Members

- Also included in the October 13 e-blast/ mailing was the first notice of the Annual Membership Meeting and Board Election. This will be held on Tuesday February 2, 2021, also at the church.
- **There are 3 Board positions to be elected in 2021.** If you are interested in being involved in the governance of Vintage Grand, we urge you to step forward and submit your nomination. The time commitment is less than 10 hours a month in most roles and provides you with a birds-eye view of the management and decisions of the Association. Feel free to contact Dave Carter or Karen Domaratzki (see contact information at end of newsletter) if you wish to chat and learn more. The deadline for submitting the “Notice of Intent to be a Candidate” is Wednesday December 23, 2020.

## Owner Poll Results

- We received 183 responses to the Owner Poll that was issued in order to prioritize the topics that matter to owners. This represents a 43% participation rate, which is higher than the involvement we see on some member votes! Thank you to all who responded.
- The results of the Poll are below, with the green shaded items indicating initiatives with sufficient (about 66%) member support to put some effort towards. We will begin discussions with our Association attorney to draft language for our governing documents and then schedule member votes to look at adopting initiatives 4, 5, and 6.
- As noted earlier, only 24% of responding owners voted in favor of #9, obtaining a construction loan in 2022 to finance the balance of the building remediation project. That level of support falls far below the loan approval threshold defined in our Association’s Bylaws for loans over \$25,000 (our Bylaws require approval of “at least two-thirds of the Units represented at a members meeting at which a quorum has been attained”). Based on the polling results, the Board has concluded that the remainder of the project will be self financed.

Poll Questions (See background information in documents enclosed with August 11, 2020 President’s Letter and available on the Vintage Grand website)	Poll Results	
#1: Would you support an amendment to our Declaration that would restrict future purchasers of Vintage Grand units from renting out their units on long term leases until such time as the percentage of units occupied on long term leases is below the current FHA mortgage lending criteria of 65% or less?	YES <b>54</b>	NO <b>127</b>
#2: Would you support an amendment to our Declaration that would allow a limited number of owners who reside in their units on a seasonal basis to rent out their units on durations as short as one month, providing that those owners follow Association guidelines for applicant screening and pay fees which cover the higher costs that the Association may incur in support of such activity?	YES <b>94</b>	NO <b>89</b>
#3: Would you support an amendment to our Declaration that would grant the Association specific authority to approve or deny unit purchase applications based on financial criteria (income verification, credit history, net worth, etc.)	YES <b>89</b>	NO <b>94</b>
#4: Would you support an amendment to our Declaration that would grant the Association specific authority to prevent people who have criminal backgrounds from residing at Vintage Grand as an owner or with the permission of an owner?	YES <b>129</b>	NO <b>54</b>
#5: Would you support an amendment to our Declaration that would grant the Association specific authority to perform emergency response and damage mitigation services within units when water leaks and other casualty events occur and make the benefited unit owners responsible for reimbursing the Association for the costs of those services?	YES <b>113</b>	NO <b>64</b>
#6: Would you support an amendment to our Declaration that would require Unit Owners to purchase and maintain appropriate property insurance coverage or set money aside in a formal self-insurance escrow account to cover potential casualty loss damages?	YES <b>112</b>	NO <b>67</b>
#7: Would you support increasing the annual Contingency assessment from \$2,000,000 to \$3,100,000 for 3 years to complete the project by December of 2023?	YES <b>42</b>	NO <b>139</b>
#8: Would you, on a voluntary basis, pay your entire pro-rata share of the \$9.3 million remaining remediation project cost in 2021 to help speed up the construction? (The new completion timeline would depend on how many owners did this.)	YES <b>23</b>	NO <b>156</b>
#9: Would you support increasing the total remediation project cost by up to \$1,232,500 for borrowing costs for a \$5.7 million construction loan at 5.5% interest? If a bank would approve a loan (by no means a sure thing) financing could begin in 2022, all project work could be completed by December of 2023, and the loan would be repaid by December of 2028.	YES <b>43</b>	NO <b>138</b>
#10: Having considered the other remediation project funding options, would you prefer that we continue the project with self-funding at \$2,000,000 per year and expected completion in April of 2025?	YES <b>143</b>	NO <b>55</b>

## Financial Update

- The August 2020 financial report was ratified at the October 5 Board meeting, and is posted to the website at [Click Here](#)

- Our operating expenses were under budget by \$27,000. All categories were under budget. On a year-to-date basis we are \$60,000 under budget in operating expenses. Our Association Manager advises that this has been a year of fewer needed repairs than in 2019, where we experienced a very high number of repairs.
- Turning to the **Balance Sheet**, we have been reporting accounts receivable from owners steadily increasing since March. However, in August our accounts receivable from owners decreased by \$37,000 and now stand roughly where they were in April. A couple of our owners with large overdue balances sold their properties and we were repaid from the sales proceeds. In other cases, our new collections attorney has issued intent to lien letters and been in discussion with owners and this has seen a good inflow of repayments. Some of this is reflected in August, and September will also show net repayments of another \$20,000. This is trending in the right direction.
- These repayments, and our budget surplus, have been good news for our cash balances. At August 31 we had \$2.4 million in cash compared to \$2 million at the start of the year. We have a large payment to RL James coming up, but overall our cash balances are up and that is always good.

#### 4. Two-Way Communication with Owners

- **Upcoming Events:**
  - October 23, 2020: On-line voting opens for 3 items for the Special Members Meeting
  - November 10, 2020: Board meeting at 10 am in the Clubhouse.
  - December 1, 2020: Deadline to vote for 3 items at the Special Members Meeting
  - December 1, 2020: Special Members Meeting, 6 pm, Covenant Life Presbyterian Church, 8490 McIntosh Rd., Sarasota
  - December 23, 2020: Deadline to submit “Notice of Intent to be a Candidate” and optional personal information sheet.
  - January 5, 2021: Voting opens for items for the Annual Membership Meeting
  - February 2, 2021: Annual Membership Meeting and Election of Directors, 6 pm, Covenant Life Presbyterian Church, 8490 McIntosh Rd., Sarasota
- Approved minutes of past Board meetings are available on the Owners webpage for review.
- All previous newsletters are posted on the website in the Owners section, for handy reference.

#### Contact information:

<b>President</b>	Dave Carter	dwcvg18@gmail.com
<b>Vice President &amp; Treasurer</b>	Karen Domaratzki	Karen_vgboard@aol.com
<b>Secretary</b>	Jackie Vizzi	jvdirectorvg@gmail.com
<b>Director</b>	Joseph Gianino	gianinojosephr@gmail.com
<b>Director</b>	Joe Joseph	Jsting56@gmail.com
<b>Association Manager</b>	Glenn Aitelli	<a href="#">Request Form to Vintage Grand Office</a>
<b>Vintage Grand Website</b>	<a href="https://vintagegrand.org">https://vintagegrand.org</a>	Password to Owner section: PalmTree40
<b>Vintage Grand office</b>		941-923-7380
<b>Vintage Grand: After Hours Emergencies</b>		941-923-7380 and follow the prompts to leave a message.
<b>Signal 88 Security</b>		941-217-7300
<b>PCM, our Community Association Management company</b>	For address changes, to request account statements and coupon books mid-year	<a href="http://pcmfla.com/progressive/outside_home.asp#">http://pcmfla.com/progressive/outside_home.asp#</a> then select Homeowner Services and the desired service