

WELCOME!

EACH MEMBER SHOULD HAVE PICKED UP COPIES OF THE AGENDA FOR TODAY'S MEETING AND THE DRAFT MINUTES FOR THE FEBRUARY 23, 2021 ANNUAL MEMBERS MEETING AND NOVEMBER 30, 2021 SPECIAL MEMBERS MEETING. (COPIES ARE AVAILABLE IN THE LOBBY)



Vintage Grand Condominium Association, Inc

Annual Members Meeting

February 1, 2022

Agenda

1. **Procedural Items from Agenda**
 - Call to Order
 - Determination of a Quorum
 - Proper Meeting Notice
 - Approval of Minutes
 2. **Announcement of Member Votes on Proposed Amendments**
 3. **Officer Reports**
 - Treasurer's Report – Financial Results
 - President's Report – Major Initiatives
 - Building Remediation Project
 - Roof Damage Insurance Claim
 - Update of Governing Documents
 - Water Heater and Water Meter Replacement Programs
 4. **Manager's Report**
 5. **Questions From Members**
 6. **Adjournment**
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Vintage Grand Board of Directors

Term Expires

Charles Benedict (appointed in February of 2021)	2023 Annual Mtg
Dave Carter*	2024 Annual Mtg
Joe Gianino	2023 Annual Mtg
Joe Joseph	2023 Annual Mtg
Don Sheehy (appointed in June of 2021)*	2024 Annual Mtg

* Starting a new 2-year term today. No other candidates submitted Notice of Intent forms by the December 23, 2021 deadline

Vintage Grand - New Appointed Officers (non-voting) to Assist Board:

Term Expires

Steven Polonski – Financial Planning Officer 2023 Annual Mtg

Ray Rodriguez - Communication Officer 2023 Annual Mtg



MEMBER VOTING RESULTS ON
PROPOSED AMENDMENTS

Proposed Amendments

Amendment #1 enables the Board to officially create and then continue to maintain the new Rules and Regulations document that was developed with owner input in 2020

Amendment #2 establishes a requirement that Unit owners obtain and maintain adequate property and liability insurance coverage on their unit.

Amendment #3 modifies pet restrictions to allow up to two pets with no breed restrictions, to more clearly restrict activity of pets and to prohibit feeding of wildlife on Condominium and Association property



TREASURER'S REPORT
Financial Results

Financial Report

- ▶ Update on prior year financial statements due to audit
- ▶ Balance Sheet analysis
- ▶ Operations analysis
- ▶ Building Contingency Fund
- ▶ Reserves

Financial Report – Update on Prior Years

- ▶ 2019 audit is still in process
- ▶ 2019 unaudited financial statements presented at 2020 general meeting will have significant changes
- ▶ Adjustments do not alter cash – merely accounting entries to accrue
 - ▶ Cost of 2019 remaining RL James contract as known contingent loss \$1,565,924
 - ▶ Accrual of contingent gains on amounts received in 2020 from lawsuits \$1,269,750
 - ▶ Creates paper loss adjustment of \$296,174
- ▶ Second adjustment
 - ▶ to present reserves differently in accordance with a new accounting standard \$1,754,000 – transferred to liability account
- ▶ As a result, 2020 unaudited financial statements presented at 2021 general meeting will have significant changes (due to reversal of adjusting journal entries for 2019 and additional accruals for current contract)
- ▶ Similar adjustments may flow into the 2021 financial statements

Financial Report: Balance Sheet Highlights

At December 31, 2021:

- ▶ **Cash: \$3,790,300**
 - ▶ Bank accounts and certificates of deposit/term deposits.
 - ▶ Reserves \$2,458,200
 - ▶ Building Remediation \$940,200 balance
 - ▶ Operating account has \$391,900.
- ▶ **Accounts Receivable from Owners: \$198,300 (net \$32,600)**
 - ▶ Due from owners for unpaid monthly assessments, fines, late fees, reimbursement of repairs, and interest on overdue fees. Over 90 days is \$152,200 \$32,200 is current
 - ▶ This amount is \$37,700 higher than 2020
 - ▶ Continue to work with collection lawyer – we have problem accounts \$160,644 overdue from 7 owners (10 units) or 83.3% of receivables. We have recently met with him and are exploring various ways to be more aggressive & possibly collect at least part of debt. Difficult as banks reluctant to foreclose at present. Top 3 accounts (2 estates and one resident) total \$135,700
 - ▶ Allowance for bad debts is \$165,700 as of 12/31/2021 (expense was \$40,000 in 2021)
- ▶ **Other Assets – Petty Cash, Utility deposits, etc. - \$ 14,800**

Financial Report: Balance Sheet Highlights

At December 31, 2021:

- ▶ Liabilities (Regular operating)
 - ▶ Resident prepayment and due to residents \$195,600
 - ▶ Accrued charges \$37,900

- ▶ Operating equity:

▶ Beginning balance	\$187,800
▶ 2021 Net Income (unaudited)	<u>\$17,800</u>
▶ Ending Balance	<u>\$205,600</u>

Financial Report: Balance Sheet Highlights

At December 31, 2021:

▶ Contingency Fund Accounts	
▶ Accrued Retainage to date	\$ 177,500
▶ Contingency Rebuilding	\$ <u>762,700</u>
 Total	 \$ <u>940,200</u>

Financial Report: Reserves

	\$
Balance, January 1 2021	\$2,152,629
Add: Member Assessments	353,137
Interest earned on balances	4,154
Less: Reserves spent:	
Exterior Painting	49,160
Electrical	2,548
Balance, December 31 2021	\$2,458,212

- The largest Reserve category is Roof Replacement with Dec 31/21 balance of \$1.704 million representing 69% of the total Reserves account. Estimated remaining life of the roofs is 3 years.
- Members have voted to fund less than 100% from 2016 – 2022. Ultimately Reserves will need to be replenished
- May propose to change method of calculating reserve payments once new reserve study done (with approval by members)

Operating Budget Results - \$ 2021

Item	2021 Budget	2021 Actual	Variance	2020 Actual
Assessments	\$1,468,100	\$1,468,099	-\$1	\$1,449,185
Other revenue	0	\$54,452	\$54,452	\$60,674
Total Revenues	\$1,468,100	\$1,522,551	\$54,451	\$1,509,859
Buildings Mtce	243,500	278,518	-35,017	251,806
Grounds	211,500	211,718	-218	216,084
Common Areas	32,100	22,103	9,997	28,696
Utilities	78,200	94,303	-16,103	123,268
Administration	902,800	988,116	4,684	816,358
Total Expenses	\$1,468,100	\$1,504,758	-\$36,658	\$1,436,211
Net income/ (Deficit)	\$ -	\$17,793	\$17,793	\$73,648

Operating Expense Results - 2021

Item	2021 Budget	2021 Actual	Variance	Reason
Building Mtce	\$243,500	\$278,518	-\$35,017	Roof \$49,200
Grounds	\$211,500	211,718	-\$218	Irrigation \$17,718 Landscaping \$17,635
Common Areas	\$ 32,100	\$ 22,103	\$ 9,997	Pool spa \$9,766
Utilities	\$ 78,200	\$ 94,303	-\$16,103	Water meters \$17,941
Administration	\$ 902,800	\$ 988,116	4,684	Legal \$24,650, admin misc \$17,507, insurance \$13,847
Total Expenses	\$ 1,468,100	\$ 1,504,758	-\$36,658	

Insurance – our largest operating expense – – 27.2% of our total 2021 operating costs

- Double digit percentage increase in cost every year since 2018
- Our policies renew in June, meaning that annual budget preparation in Oct/Nov is based on estimates of increases received from our broker
- 2020/21 efforts to manage the expense included hiring new insurance broker and an ncrease to the hurricane deductible
- 2021 budget included a \$50,700 increase in insurance premiums to \$393,300 – not sufficient
- 2022 budget includes an \$81,700 budget increase to \$475,000
- Now 31.3% of total 2022 budgeted operating costs

Financial Report: 2021 Building Remediation Contingency Account Activity

	\$
Contingency Fund Cash Balance on 12/31/2020	1,071,849
Member assessments invoiced in 2021	<u>2,000,000</u>
Total Cash Available	3,071,849
Construction Expenses (R. L. James)	(1,916,663)
Engineering Expenses (Delta Engineering)	(137,784)
Post Remediation and Other Project Expenses	<u>(88,349)</u>
Total Expenses	(2,142,796)
2021 Cash Available minus Expenses	929,053
2021 Increase in Construction Retainage	11,111
Contingency Fund Cash Balance on 12/31/2021	940,164



PRESIDENT'S REPORT
MAJOR INITIATIVES

Building Remediation Project

Building Remediation Project Overview

- Project started in 2017
- Funded through a \$2,000,000 per year Contingency Assessment which is part of the Operating budget
- Additional project funding obtained through legal cases that were settled in 2019 and 2020:
 - Lawsuit against condo conversion developers - \$369,750
 - Insurance claim arbitration - \$900,000
- An additional legal case is being pursued against the insurance brokers who were involved in the acquisition of our 2016 property insurance policy

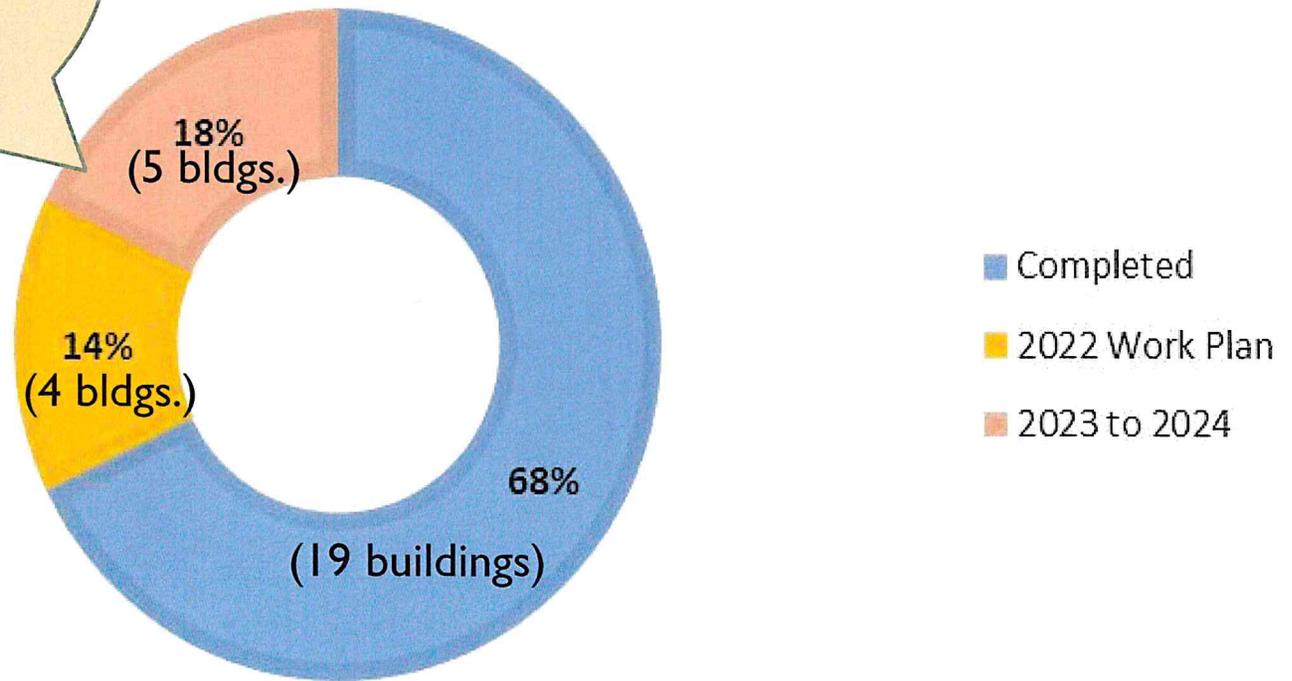
Building Remediation Project – Lawsuit Against 2016 Insurance Brokers

- Complaint filed in Sarasota County Circuit Court for the insurance brokers' negligence in preparation of our 2016 property insurance application
- The application error compromised the settlement of our building collapse insurance claim with the 2016 insurance carrier (Lloyds of London consortium)
- Progress of our case in 2021 was stymied by defendants' attempts to have the case dismissed.
- We now expect the court to issue a scheduling order within the next month or so for a trial in late 2022

Building Remediation Project Status

With continued self-funding at approx. \$2,000,000/year, we will finish the project no later than the 4th quarter of 2024

28 RESIDENTIAL BUILDINGS



Building Remediation Project – 2021 Accomplishments

- Completed post-remediation work on Building 20
- Remediated four (4) additional buildings in 2020:
 - ▶ Buildings 1, 2, 3 and 6*
 - * Some work including post-remediation activities will extend into February 2022
- Negotiated contract pricing with R. L. James for 2022 work
 - -- includes cost adjustment mechanism for increases in materials costs
- Pursued lawsuit against our 2016 insurance brokers

Building Remediation Project – 2022 Work Plan

R. L. James Work Schedule*

	Start	Finish
➤ Building 7	1/3/2022	6/3/2022
➤ Building 8	3/14/2022	8/22/2022
➤ Building 13	5/15/2022	10/31/2022
➤ Building 18	7/15/2022	12/31/2022

*The Association's post-remediation work will take place within 2 months after R.L. James' finish date

Remainder of Building Remediation Project-

Tentative Work Plans for 2023-2024

Assuming no proceeds from lawsuit and continued self-funding through Contingency Assessments of approximately \$2,000,000 per year:

2023:

- ▶ Buildings 11, 12 and 50% of Building 9

2024:

- ▶ Remaining 50% of Building 9 plus Buildings 15 and 16

Roof Damage Insurance Claim

Roof Damage Insurance Claim - Background

- ▶ In July of 2020 we filed a claim for roof damage caused by Hurricane Irma in September of 2017 and signed a retainer agreement with a Tampa-based law firm (Merlin Law Group) to assist us in pursuing that claim
- ▶ Different engineers hired by insurance carrier and our legal counsel inspected our roofs and issued reports with divergent conclusions on the extent of roof damage that could be attributed to Hurricane Irma
- ▶ Insurance carrier formally denied our claim in July of 2021 due to “late notice” and their engineer’s assessment of damage
- ▶ Based on the advice of our legal counsel, we decided to continue to pursue our claim by invoking the arbitration clause in the insurance policy

Roof Damage Insurance Claim – Current Status

- ▶ A three-person arbitration team has been assembled to adjudicate our claim at formal hearings in the State of New York
- ▶ Legal counsel for the two parties are currently preparing documents that identify the additional discovery work and depositions that they intend to complete prior to the arbitration hearings
- ▶ The arbitration team will be meeting on February 11, 2022 to review the input from the two parties and issue a formal scheduling order for the arbitration hearings
- ▶ Our current expectation is that the hearings will take place some time in late 2022 or early 2023

Roof Damage Insurance Claim – Impact on Long Range Financial Planning

- ▶ As of December 31, 2021 we have approximately \$1.7 million set aside in Capital Reserves to support a future roof replacement project.
- ▶ Our most recent Capital Reserves Study (2015) projected that our roofs would require replacement in 2025 at a cost of \$2.8 million.
- ▶ Actual roof replacement costs will vary depending on when the project is performed and what materials are used. Based on estimates developed for our insurance claim and current available industry data, we believe that the cost to replace in kind with concrete tile will significantly exceed the 2015 Capital Reserves Study estimate of \$2.8 million
- ▶ Less expensive replacement options (e.g. asphalt shingles) could be considered but would require member approval
- ▶ Once we know the outcome of our insurance claim we will develop firm replacement cost estimates for various material alternatives and perform a financial analysis to establish which alternative would be most financially attractive to members

Update of Governing Documents

Update of Vintage Grand Governing Documents

Declaration

**Articles of
Incorporation**

By-Laws

**Rules and
Regulations**

Project Objectives

1. Remove all references to the Developer
2. Remove unnecessary redundancies
3. Bring up to date with current Florida Statutes
4. Simplify wording
5. Meet current community needs
6. Engage owners in the update process

Update of Governing Documents -- Work Completed to Date

2020:

- ▶ Developed a new, more comprehensive and better organized Rules and Regulations document with all owners being given the opportunity to review and provide input
- ▶ Polled owners to determine level of support for several suggested amendments to Declaration document

2021:

- ▶ Three amendments were drafted, finalized and approved by the Board and submitted for a member vote at today's Annual Membership meeting

Update of Governing Documents --

Goals for 2022

- ▶ Formally approve the new Rules and Regulations document at a Board of Directors meeting in March (assuming member approval of Amendment #1 at today's meeting)

- ▶ Complete the development and approval steps needed to implement additional suggested Amendments to the Declaration, including two suggested Amendments that owners supported in the 2020 polling:
 - To 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
 - To 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

Update of Governing Documents

Work Remaining After 2022

After we have finalized and approved the changes/amendments developed in 2021-2022, we will ask our Attorney to draft a complete rewrite of our set of documents that incorporates the approved amendments, simplifies wording by removing redundancies and obsolete/unnecessary language regarding the developer, and references current Florida statute requirements.

Water Heater and Water Meter Replacement Programs

Water Heater and Water Meter Replacement Programs

- Coordinated inspection and replacement programs were started in July 2020 and completed in April 2021. The objectives were:
 1. To identify all Unit water heater tanks that were more than 10 years old and follow up with the Unit owners to get those water heater tanks replaced [required per Declaration section 7.4 (c) as amended in February of 2020]
 2. To inspect, test and replace all Unit water meters that were not furnishing monthly consumption readings to the NES meter reader (“zero reading meters”):
 - Unit owner was charged for cost of meter replacement if meter was found to be defective
 - Association paid for meter replacement if the cause of “zero read” problem was determined to be the wire connection to outside meter box
 - Unit owners were charged for any past consumption registered on old meter dial but not picked up by the NES meter reader

Program Results – Water Heaters

- 124 water heater tanks were replaced in 2020 and 2021
- Currently there are only 2 water heater tanks in our complex that are greater than 10 years old. These were not replaced by Unit Owners after we sent multiple notices and imposed monthly fines accumulating to a maximum of \$1,000.
- We now have a database identifying the manufacture date of all water heater tanks in the complex that we are using in an ongoing notification and follow up program when the 10 year-old age threshold is reached.
 - 17 water heater tanks are due for replacement in 2022

Program Results – Water Meters

- 163 zero reading water meters were replaced from July 2020 through December of 2021:
 - 48 meter replacements were charged to Unit owners
 - 115 meter replacements were paid for by the Association

- Total program costs:

Replacement of 163 meters:	\$51,834
48 meter replacements billed to owners:	(\$15,264)
Owner billings for non-billed consumption:	<u>(\$10,056)</u>
Net cost to Association	\$26,514

- Program benefits achieved to date (reduction in non-recovered Association water and sewer utility costs):

2020 non-recovered W&S utility costs	\$70,076
2021 non-recovered W&S utility costs	<u>\$50,045</u>

Benefits to Association: **\$20,031**

MANAGER'S REPORT

Manager's Report – 2021 Accomplishments

I. Building Maintenance

- ▶ Fire safety: (1) Inspected fire sprinklers 2x/yr. February and November
 - (2) Inspected smoke detectors in all units
 - (3) Replaced 2 complete FACP panels, 21 mini-horns and 4 pull stations
- ▶ A/C common drain line cleanout 2x/yr. April and September
- ▶ Dryer vent cleanout 1x/yr. December
- ▶ Completed inspections, notification and follow-up with owners regarding hot water heater tanks > 10 years old
- ▶ Completed 53 roof repair projects
- ▶ Completed 37 drywall repair projects in units
- ▶ Pressure washed 10 remediated buildings
- ▶ Various electrical repairs – replaced 6 main building breakers , 27 photocells for building lighting, 12 a/c boxes and breakers and 3 electric meter bases
- ▶ Gutter guards installed on buildings 10, 20,21 and 23

Manager's Report – 2021 Accomplishments

2. **Grounds Maintenance**

- ▶ Improved performance and effectiveness of irrigation system – Hostetler took over servicing our irrigation in 2021 and has performed very well. They have gone through the entire property and replaced all faulty heads and installed flex pipe to prevent breakage from lawn mowing. 8 new heads were added to the side of building 25 for better coverage. Over the year they have repaired 4 main valves. They have also provided new irrigation to our buildings after remediation.
- ▶ Annual major tree trimming – palms and hardwoods
- ▶ Pepper tree trimming
- ▶ Leaf raking and removal
- ▶ Winter lawn seeding to enhance appearance
- ▶ Replaced three dead palm trees in entryway
- ▶ Bid out and awarded 2022 Landscaping Services contract to new contractor (Duval)

Manager's Report – 2021 Accomplishments

3. Common Areas

- ▶ Completed major rebuild of fishing dock
- ▶ Completed major refurbishment of parking structures
- ▶ Pressure washed picnic areas/gazebos, sidewalks and curbing
- ▶ 16 broken parking stops replaced
- ▶ Repair to Monument sign (wood damage)
- ▶ Digital Age installed security cameras behind Playground/Bike Rack
- ▶ Large Fountain caulked and painted.
- ▶ Streetlight Repairs and Maintenance - Rewired electrical feeds to lights by buildings 15 and 16, replaced 26 photocells and numerous lamps (95% of our streetlights have now been converted to LED for energy savings)
- ▶ Repaired sidewalks by buildings 5 and 23 and added curbing to the front of building 19

Manager's Report – 2021 Accomplishments

4. Amenities

- ▶ Pools and spa –
 - Replaced Pool A circulating pump and installed new wiring and breaker box to bring it up to code.
 - Replaced spa therapy pump and stenner pump and rewired the electrical feed to prevent it from tripping off the breaker
 - Repaired several Pool A lounge slings
 - Installed new drinking fountain by Pool A
 - Installed a new filtration system for Pool B
 - Repaired 7 pool umbrellas
- ▶ Exercise room –
 - Replaced cables on the universal machine.
 - Replaced a/c controller and cleaned the duct work
- ▶ Tennis court –
 - Replaced one of the tennis nets and crank.
 - Replaced control box for lighting system with a modern upgrade

Manager's Report – 2021 Accomplishments



▶ 5. Unit Sales and Leasing Activities

- ▶ 46 sales transactions
- ▶ 135 new leases and 130 renewed lease transactions

▶ 6. Utilities

- ▶ Completed water meter inspection and replacement program
- ▶ Performed ongoing follow-up on zero reading meters
- ▶ Replaced main water valve for building 20

Questions From Members

- **Begin your question by stating your name and unit number**
- **One question topic per member at a time, maximum 3 minutes**



Thank you for coming

This presentation will be available on the
website tomorrow



APPENDIX
Building Remediation Project Detail

Building Remediation Project Scope

- Work performed by construction contractor (currently R. L. James) with oversight and inspections by engineer Delta Engineering)
 - Remove existing stucco and Thermo-Ply sheathing
 - Find and repair all wood frame damage
 - Apply wood preservative and termite prevention chemicals to all wood framing
 - Install new 1/2" plywood sheathing plus steel bracing and strapping to substantially increase the buildings' wind shear resistance
 - Install new energy efficient and hurricane-rated windows
 - Install two layers of water resistive barrier (WRB) over the plywood sheathing before reapplying stucco cladding (system to drain any water that might penetrate behind the stucco)
 - Re-stucco and paint all exterior walls
 - Paint breezeways, unit entry doors and stairways
 - Install new lanai screens and paint and reinstall balcony railings

Building Remediation Project Scope (continued)

- Post-remediation work performed by other contractors hired by the Association:
 - Construct new building drainage systems where needed
 - Install new gutters and downspouts
 - Landscape restoration and new plantings
 - Make repairs to irrigation system where needed
 - Perform exterior termite prevention treatment
 - Install new building signs