

# WELCOME!

EACH MEMBER SHOULD HAVE PICKED UP COPIES OF THE AGENDA FOR TODAY'S MEETING AND THE DRAFT MINUTES FOR THE FEBRUARY 1, 2022 ANNUAL MEMBERS MEETING AND NOVEMBER 16, 2022 SPECIAL MEMBERS MEETING. (COPIES ARE AVAILABLE IN THE LOBBY)



Vintage Grand Condominium Association, Inc

Annual Members Meeting

**January 31, 2023**

# Agenda

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1. **Procedural Items from Agenda**
  - Call to Order
  - Determination of a Quorum
  - Proper Meeting Notice
  - Approval of Minutes
2. **Announcement of 2023 Board of Directors**
3. **Officer Reports**
  - Treasurer's Report – Financial Results
  - President's Report – Major Initiatives
    - Building Remediation Project
    - Roof Damage Insurance Claim
    - Update of Governing Documents
4. **Manager's Report**
5. **Questions From Members**
6. **Adjournment**

This presentation  
will be available  
on the website  
tomorrow

# Vintage Grand 2023 Board of Directors

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## Term Expires

Charles Benedict

2025 Annual Mtg

Joe Gianino

2025 Annual Mtg

Joe Joseph

2025 Annual Mtg

Don Sheehy

2024 Annual Mtg

Bill Wild

2024 Annual Mtg



# TREASURER'S REPORT

## Financial Results

# Financial Report

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

# Financial Report – Update on Prior Years

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- ▶ 2019 audit is finally completed
- ▶ 2019 unaudited financial statements presented at 2020 general meeting has significant changes due to accounting adjustments
- ▶ Adjustments do not alter cash – merely accounting entries to accrue
  - ▶ Accrual of contingent gains on amounts received in 2020 from lawsuits \$1,269,750
  - ▶ Contract accruals \$4,791,000 reflected in prior equity
  - ▶ Creates paper adjustment to reflect income of \$3,161,778
- ▶ 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 also 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 and 2022 financial statements

# Financial Report: Balance Sheet Highlights

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At December 31, 2022:

- ▶ **Cash: \$3,606,600**
  - ▶ Bank accounts and certificates of deposit/term deposits.
    - ▶ Reserves \$2,811,300
    - ▶ Building Remediation \$276,500 balance ( +\$1,292,700 Jan3)
    - ▶ Operating account has \$518,800.
  
- ▶ Settlement Receivable \$1,292,700 ( check rec'd deposited January 3) allocated to restoration account
  
- ▶ Other Assets – Petty Cash, Water reimbursement, Utility deposits, etc. - \$ 28,500 (water was \$17,600)

# Financial Report: Balance Sheet Highlights

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At December 31, 2022:

- ▶ **Accounts Receivable from Owners: \$210,600 (net \$4,400)**
  - ▶ Due from owners for unpaid monthly assessments, fines, late fees, reimbursement of repairs, and interest on overdue fees. Over 90 days is \$169,000 \$28,200 is current
  - ▶ This amount is \$12,300 higher than 2021
  - ▶ Continued to work with collection lawyer collected one larger account during year. Are replacing current lawyer with new firm that will do everything and will be more aggressive. Top 3 accounts ( 2 estates and one resident) total \$160,500 76.2% Top 2 are \$154,800
  - ▶ Allowance for bad debts is \$206,200 as of 12/31/2022 (expense was \$40,000 in 2022)

# Financial Report: Balance Sheet Highlights

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At December 31, 2022:

- ▶ Accounts Receivable from Owners: \$210,600 (net \$4,400)
- ▶ **PLEASE DO YOUR PART**
  - ▶ We still have \$50,100 due from everyone else
  - ▶ Over 90 days – 59 accounts \$15,500
  - ▶ Check you account balances please –
  - ▶ If you have a question on your account or COA payment, please email [office@pcmfla.com](mailto:office@pcmfla.com).
  - ▶ To receive an Owner Invite to the Owner Portal and see your up-to-date account information or make a payment on your COA, go to [pcmfla.com](http://pcmfla.com) and click on Register for Owner Portal and follow directions. Please Note-Only an Owner can receive information from PCM.

# Financial Report: Balance Sheet Highlights

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At December 31, 2022:

- ▶ Liabilities ( Regular operating)
  - ▶ Accounts Payable \$213,406
  - ▶ Resident prepayment and due to residents \$200,000
  - ▶ Accrued charges \$12,500
  
- ▶ Operating equity:
  - ▶ Beginning balance \$201,400
  - ▶ 2022 Loss (unaudited) \$(70,000)
  - ▶ Ending Balance \$131,400



# Financial Report: Balance Sheet Highlights

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At December 31, 2022:

▶ Contingency Fund Accounts

- ▶ Accrued Retainage to date \$ 209,500
- ▶ Contingency Rebuilding \$ 1,359.700

Total \$ 1,569,200

# Financial Report: Reserves

	\$
Balance, January 1 2022	\$2,458,212
Add: Member Assessments	370,846
Interest earned on balances	11,794
Less: Reserves spent:	
Exterior Painting	29,496
Balance, December 31 2022	\$2,811,356

- The largest Reserve category is Roof Replacement with Dec 31/22 balance of \$1.908 million representing 67.9% of the total Reserves account. Estimated remaining life of the roofs is 2 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 adopted ( with approval by members)
- New draft reserve study being reviewed



# Operating Budget Results - 2022

Item	2022 Budget	2022 Actual	Variance	2021 Actual
Assessments	\$1,516,800	\$1,516,802	\$2	\$1,468,099
Other revenue	0	\$101,386	\$101,386	\$54,452
<b>Total Revenues</b>	<b>\$1,516,800</b>	<b>\$1,618,188</b>	<b>\$101,388</b>	<b>\$1,522,551</b>
Buildings Mtce	245,500	285,183	-39,683	278,518
Grounds	181,500	260,775	-79,275	211,718
Common Areas	28,100	32,270	-4,170	22,103
Utilities	78,200	75,336	2,864	94,303
Administration	983,500	1,034,647	51,147	988,116
<b>Total Expenses</b>	<b>\$1,516,800</b>	<b>\$1,688,211</b>	<b>-\$36,658</b>	<b>\$1,504,758</b>
Net income/ (Deficit)	\$ -	\$(70,024)	\$(70,024)	\$17,793

# Operating Expense Results - 2022

Item	2022 Budget	2022 Actual	Variance	Reason
Building Mtce	\$245,500	\$285,183	-\$39,683	Roof \$88,335 Safety \$24,286
Grounds	\$181,500	260,775	-\$79,275	Ground other \$80,527
Common Areas	\$ 28,100	\$ 32,270	-\$ 4,170	Pool spa \$5,867
Utilities	\$ 78,200	\$ 75,356	\$2,864	Water meters \$10,000 Water net \$4,241
Administration	\$ 983,500	\$ 1,034,648	-\$51,147	Legal \$7,474, misc \$8,746, insurance \$12,358 Staffing\$38,352
<b>Total Expenses</b>	<b>\$ 1,516,800</b>	<b>\$ 1,618,212</b>	<b>-\$171,412</b>	



# Insurance – our largest operating expense – - 30.1 % of our total 2022 operating costs

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- 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
- 2022 budget included a \$81,700 increase in insurance premiums to \$475,000– not sufficient
- 2023 budget includes an \$95,500 budget increase to \$570,500
- Now 35.4 % of total 2023 budgeted operating costs



PRESIDENT'S REPORT  
MAJOR INITIATIVES

# Building Remediation Project

# Building Remediation Project Overview

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- Project started in 2017
- Funded primarily through annual Contingency Assessments which are part of the Association's Operating budget
  - \$1,960,000 in 2022; \$2,000,000 in all other years to date
- An additional \$2,562,480 in project funding was obtained through three legal proceedings:
  - Lawsuit against condo conversion developers - \$369,750 (settled in 2019)
  - Insurance claim arbitration - \$900,000 (settled in 2020)
  - Insurance brokers lawsuit - \$1,292,730 (settled in 2022)



# Building Remediation Project – 2022 Accomplishments

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- Completed post-remediation work on Building 6
- Remediated four (4) additional buildings in 2022:
  - ▶ Buildings 7, 8, 13 and 18 \*
  - \* Post-remediation activities on Buildings 13 and 18 will extend into February of 2023
- Settled lawsuit against our 2016 insurance brokers, providing the Association \$1,292,730 to help fund completion of the project
- Negotiated contract pricing with R. L. James for the 5 remaining residential buildings – remediation work to be performed starting in January of 2023 and extending through first quarter of 2024



# Building Remediation Project - 2022

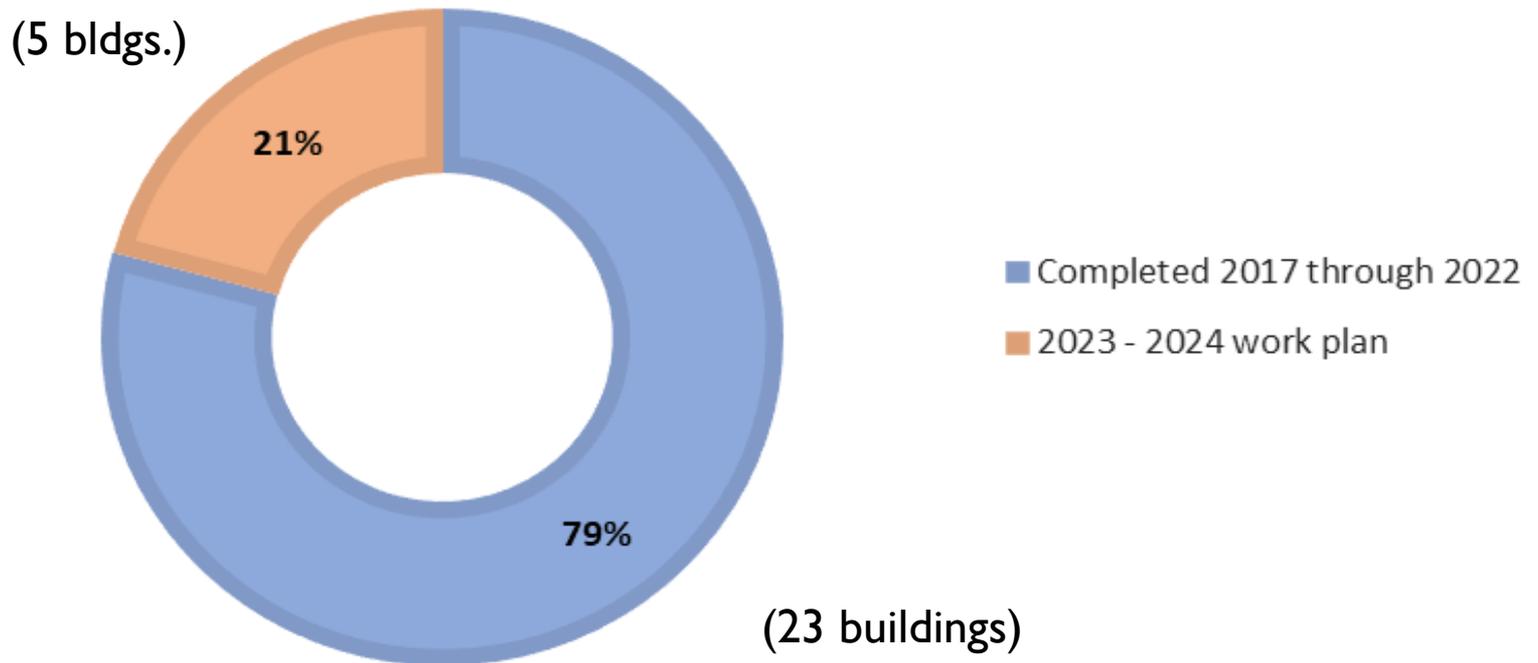
## Contingency Account Activity

	\$
Contingency Fund Cash Balance on 12/31/2021	940,164
Member assessments invoiced in 2022	1,960,000
Lawsuit Settlement – December, 2022	<u>1,292,730</u>
Total Cash Available	4,192,894
Construction Expenses (R. L. James)	(2,339,496)
Engineering Expenses (Delta Engineering)	(186,384)
Post Remediation and Other Project Expenses	<u>(129,840)</u>
Total Expenses	(2,655,720)
2022 Cash Available minus Expenses	1,537,174
2022 Increase in Construction Retainage	32,041
Contingency Fund Cash Balance on 12/31/2022	1,569,215

# Building Remediation Project Status

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## 28 RESIDENTIAL BUILDINGS



# Building Remediation Project – 2023-2024 Work Plan

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## R. L. James Work Schedule\*

Start

Finish

➤ Building 11	1/2/2023	5/5/2023
➤ Building 12	1/23/2023	6/30/2023
➤ Building 9	6/19/2023	10/20/2023
➤ Building 15	8/14/2023	12/15/2023
➤ Building 16	11/27/2023	3/29/2024

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



# Remainder of Building Remediation Project- Clubhouse and Pool Buildings

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- The Clubhouse was included in the original project scope evaluated in 2016
- Delta Engineering is currently investigating the condition of these buildings and developing work specifications for remediation alternatives which R. L. James will use to produce cost estimates for each building
- Board will evaluate the cost estimates and make decisions on how to proceed by the 3<sup>rd</sup> quarter of 2023. If approved, remediation work would be performed during the 2<sup>nd</sup> to 3<sup>rd</sup> quarter of 2024

# Roof Damage Insurance Claim

# Roof Damage Insurance Claim - Background

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- ▶ 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 – 2022

## Activity

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- ▶ A three-person arbitration team was appointed to adjudicate our claim at formal hearings in the State of New York
- ▶ Extensive document discovery work and depositions were completed during the spring and summer of 2022
- ▶ Hurricane Ian struck on September 28 resulting in additional damage to our roofs; the Association filed a separate claim and updated our retainer agreement with Merlin Law Group to encompass both the Hurricane Irma and Hurricane Ian claims
- ▶ In October, the insurance carriers filed a Motion for Summary Judgement to dismiss our Hurricane Irma claim due to late notice
- ▶ An arbitration panel hearing was held in December and resulted in an order denying the insurance carrier's motion – however, it also left open the issue of late notice

# Roof Damage Insurance Claim – 2023 Plans

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- ▶ Receive and review the insurance carrier's response to our Hurricane Ian claim; decide next steps on that claim
- ▶ Complete arbitration hearing in June of 2023 on both the late notice and damage causation issues associated with our Hurricane Irma claim (or might negotiate a settlement with the insurance carrier before the hearing).
- ▶ Contract with an engineering firm to develop specifications and cost estimates for alternative roof repair/replacement strategies
- ▶ Finalize plans with owner votes as necessary and address funding requirements in our 2024 budget



# Roof Damage Insurance Claim – Impact on Long Range Financial Planning

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- ▶ As of December 31, 2023 we will have approximately \$2.1 million set aside in Capital Reserves to support a future roof replacement project.
- ▶ Our 2015 Capital Reserves Study 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 a change in material would require owner approval

# Roof Alternatives to Be Considered

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- ▶ 2024-2025 project to replace all roofs with concrete tile \*
- ▶ 2024-2025 project to replace all roofs with metal material \*\*
- ▶ 2024-2025 project to replace all roofs with asphalt shingles \*\*
- ▶ 2024-2025 project to make targeted permanent repairs at all locations where temporary repairs have been made and continue to maintain existing roofs until sufficient funds have been accumulated in capital reserves to support a future complete roof replacement project
  - \* Could require an owner vote to approve additional project funding through either a special assessment or a construction loan
  - \*\* Would require an owner vote due to change in material



# Update of Governing Documents

# Update of Vintage Grand Governing Documents

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**Declaration**

**Articles of  
Incorporation**

**By-Laws**

**Rules and  
Regulations**

# Project Objectives

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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

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## 2020:

- ▶ Drafted 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 the 2022 Annual Membership meeting



# Update of Governing Documents -- Work Completed to Date

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## 2022:

- ▶ Finalized and published new Rules and Regulations document
  
- ▶ Board reviewed an amendment to Declaration Section 17.8 that was drafted by our Association Attorney and which would:
  - Require that all prospective adult (18 years old or older) long term (>3 months) residents be approved by the Association through a formal process that includes criminal background checks
  - Provide explicit authority for the Association to review and approve unit sales applications through a process that includes financial history/credit report checks
  - Reduce the minimum allowed lease duration from 6 months to 3 months
  - For units acquired after January 1, 2025, prohibit leasing during the first 24 months after acquisition of title to the unit
  - Increase transfer fees collected on unit sale and lease transactions from \$100 per applicant currently to the maximum allowed under Florida regulations (\$150 per applicant as of July 1, 2021)



# Update of Governing Documents -- Work Completed to Date

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## 2022 (continued)

- ▶ Board voted 3-2 in June of 2022 to revise the draft Section 17.8 amendment to delete the proposed 24 month leasing prohibition for units acquired after January 1, 2025, and to remove all language relating to sales transactions
- ▶ Subsequent discussions took place at the Board's July 2022 meeting which focused on the legal risks of using criminal background information and financial history/credit report checks to reject sales applications. That led to a decision to seek a second legal opinion on those issues
- ▶ A second legal opinion was obtained from Kevin Wells of the Wells Olah Cochran firm. He expressed significant reservations about the use of criminal background checks and financial history data in the approval processes



# Update of Governing Documents -- Next Steps

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## 2023-2024

- ▶ Review the Section 17.8 issues with our new Association Attorney; request her opinion on viability of proceeding with an amendment along the lines of what was drafted in 2022
- ▶ If it is viable to proceed, develop a Section 17.8 amendment for Board and owner votes
- ▶ After the Section 17.8 issues are resolved, work with new Association Attorney to draft a complete rewrite of our set of documents that incorporates all approved amendments, simplifies wording by removing redundancies and obsolete/unnecessary language regarding the developer, and references current Florida statute requirements.



# MANAGER'S REPORT

# Manager's Report – 2022 Accomplishments

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## I. Building Maintenance

- ▶ Fire safety: (1) Inspected fire sprinklers 2x/yr. February and November  
(2) Replaced 3 FACP Risers  
(3) Replaced 1 complete FACP panel, 16 mini-horns and 7 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 74 roof repair projects
- ▶ Completed 18 drywall repair projects in units
- ▶ Pressure washed 9 remediated buildings
- ▶ Various electrical repairs – replaced 11 main building breakers , 36 photocells for building lighting, 21 a/c boxes and breakers and 1 electric meter bases
- ▶ Gutter guards installed on buildings 1, 2, 3, 5 and 6



# Manager's Report – 2022 Accomplishments

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## 2. **Grounds Maintenance**

- ▶ Improved performance and effectiveness of irrigation system – Hostetler took over servicing our irrigation in 2021 and has performed very well. Last year they went through the entire property and replaced all faulty heads and installed flex pipe to prevent breakage from lawn mowing. We are now on a biweekly maintenance program to ensure the irrigation is operating at an optimum level. Over the year they have repaired 3 main valves. They have also provided new irrigation to our buildings after remediation.
- ▶ Annual major tree trimming – palms and hardwoods
- ▶ Pepper tree trimming
- ▶ Removed large section of Pepper trees behind building 18
- ▶ Replenished landscaping and irrigation from phase I of remediation project
- ▶ Irrigation added to buildings 4, 17, 19, 22 and 28
- ▶ Bid out and awarded 2022 Landscaping Services contract to new contractor (Synergy)



# Manager's Report – 2022 Accomplishments

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## 3. Common Areas

- ▶ Resealed fishing dock
- ▶ Added sidewalk between buildings 1 and 2
- ▶ Pressure washed picnic areas/gazebos
- ▶ Repainted signs and speed limit signs
- ▶ Replaced mailbox door in back kiosk
- ▶ Built seating to gazebo at the Tennis Courts
- ▶ Streetlight Repairs and Maintenance - Replaced 32 photocells and numerous lamps (98% of our streetlights have now been converted to LED for energy savings)
- ▶ Pressure washed and sealed all sidewalks



# Manager's Report – 2022 Accomplishments

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## 4. Amenities

- ▶ Pools and spa –
  - Rebuilt Pool A and Pool B circulating pumps
  - 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
  - Repaired filtration system at Pool A
  - New coping tiles made and installed at Pool B
  - Repaired 4 pool umbrellas
- ▶ Exercise room –
  - Replaced cables on the universal machine.
  - Replaced a/c coils in gym
- ▶ Tennis Court –
  - Replaced one of the tennis nets and crank.
  - Pressure washed and sealed tennis courts
- ▶ Basketball Court –
  - Pressure washed basketball court
  - Replaced basketball hoop

# Manager's Report – 2022 Accomplishments

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## ▶ 5. **Unit Sales and Leasing Activities**

- ▶ 53 sales transactions
- ▶ 78 new leases and 193 renewed lease transactions

## ▶ 6. **Utilities**

- ▶ Continued with water meter inspection and replacement program
- ▶ Performed ongoing follow-up on zero reading meters



# Hurricane Ian

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- ▶ On September 28<sup>th</sup>, Hurricane Ian hit the west coast of Florida as a category 4 hurricane with winds of up to 155 mph. While the buildings did extremely well, the property experienced a lot of tree damage and debris. We lost a total of 34 trees and sustained damage to the fence at Pool B and the spa awning at Pool A. Our maintenance staff worked diligently for 7 straight days to remove downed trees from the entrances and removing debris to allow residents to be able to safely get on and off property. With all of the damage to so many properties, vendors were very slow to schedule repair work and communication has been frustrating. We were able to get Deans Tree Service on property to do an emergency storm clean up and our annual tree trimming. Florida Fence is set to repair the Pool B fence this week and the spa awning cover is being made and expected to be installed in March.

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# 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

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- 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)

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- 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

# Building Remediation Project – Lawsuit Against 2016 Insurance Brokers

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- 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)
- Mediation sessions conducted on October 12<sup>th</sup> and 25<sup>th</sup> of 2022 resulted in a settlement providing a net of \$1,292,730 to the Association