

**WATERSIDE III AT BAY BEACH CONDOMINIUM
ASSOCIATION, INC.
MINUTES OF THE BOARD OF DIRECTOR'S MEETING
January 16, 2025 10:00AM**

1. **Call to Order:** The meeting was called to order by Scott Kitkowski.
2. **Proof of Notice:** The meeting notice with the agenda, was sent out to the building owners on Monday, January 13, and the notice was also posted on the bulletin board that same day.
3. **Establish a Quorum.** All members of the board including Scott Kitkowski, Sue Walker, Jeff Lievense, Joel Wilmoth and Donna Kaiser were present in the meeting room - thus a quorum.
4. **Approval of Minutes from 11/27/2024 Meeting.**

Scott requested a motion to waive the reading of the minutes from the November 27, 2024 meeting and approve them. Joel made the motion, Donna seconded, and the motion passed unanimously.
5. **Reports of Officers and Manager.**
 - a. **President's Report**

Scott related his presidents report in which he:

 - thanked participates in committees and on the board;
 - encouraged more owner involvement in these and other activities;
 - gave a synopsis of the larger projects done in 2024 and planned for 2025;
 - conveyed a last minute notification that W3's water pump needs significant repair and replacement including the diesel engine, to a cost of \$165,000. This asset falls under the domain of WMA who have been asked to check out insurance coverage and look into root cause of the failure. The fire inspector has confirmed we are not out of compliance so fire watch is not needed;
 - explained the door to the kitchen will be keyed, similar to the building door key, as there has been things taken and damage done in the room, and;
 - provided an EBIA update based on the recent meeting he attended including:
 - 4 tiki huts are built and concrete slabs will be put beneath,
 - bay beach lane sealing and striping will be delayed;
 - the pier should be repaired by February 3rd,
 - bocci ball court repair has been contracted but no date for repair, and
 - a motion was submitted to investigate a dog park, a landscaping plan for bay beach lane, and a kayak ramp.
 - research is underway about possibly re-striping one tennis court to create 2 courts for pickle ball. This would allow either pickle ball or tennis to be played on the court.
 - EBIA is keeping a 7-member board and Charley Eck will continue as a VP on that board.

A copy of the report is attached.

b. Treasurer's Report

Jeff read his treasurer's report which included a recap of 2024 financial results based on preliminary information provided by our accountant, Myers, Brettholtz and co. Final results will be provided at the February meeting. There will be an external audit in the coming months. He recapped the fund balances. We applied for an increase in the SBA loan amount bringing total to \$2M. Any funds not needed will be returned to SBA.

A copy of the report is attached.

c. Property Manager's Report

Sylvie highlighted some of the repairs and activity taking place including:

- air conditioning maintenance will occur Monday & Tuesday next week;
- the needed duct installation from A/C handlers to the hallways is complete. The association will pay the entire invoice, but affected individuals can expect an invoice of \$150.00;
- a proposal for stucco repairs of \$2700 was received and we are waiting on a second proposal;
- the annual fire inspection completed in November showed only 2 deficiencies for Waterside 3;
- after the last window cleaning, the white streaking seen was determined to be caused by the frames, which are chalking. She mentioned the frames should be included with the next scheduled painting;
- a proposal of \$1600 was provided to repair the new elements and contacts in the men's sauna; and,
- a flood claim was filed to our insurance carrier (Milton) for hurricane cleanup.

A copy of the entire report is attached.

6. Committee Reports.

a. Facilities Committee

Scott explained the work being done:

- Paul Johnson did work on the A stairwell, scraping and painting;
- the team has been working with internal resources, like Sylvie and Paul, to do the work that can be done before reaching out to external ones which are more expensive.

A copy of the report is attached.

b. Pool Committee

Scott displayed the list of pool items being addressed:

- he explained follow-up has been done with London (Resort Management) who has been to Waterside more frequently to address these longer-standing issues. This seems to be making a difference in getting repairs and changes done;
- several items have been completed such as the leaking lights and the leaking trough on the far side of the infinity pool which dramatically reduced water usage, and the chemical feeder repair to alleviate the noise issue;
- other items are under repair include the bathroom areas;
- the list is now reviewed frequently.
- Scott mentioned the jacuzzi is not currently running; the electrician has been called.

Question/comment:

Tina Estep explained the routine pool cleaning effort, especially in the off-season, has been lacking. She asked whether the pool can be 'owned' by Waterside 3/4 rather than by WMA. Scott responded that would be difficult since 2 buildings utilize the asset. He asked that Tina write up the comments so it can be provided to Mark Wiseman (WMA) that the service being paid for is not being done.

A question was raised about the timing of the pool lights. Scott explained they are on a timer, which is currently not working and the electrician has been called.

A copy of the report / list is attached.

c. Hounshell Social Committee

Judy Stewart read the report which included these upcoming 2025 events:

- a brunch on January 19th, a Chinese New Year celebration on January 31st, and build-a-burger event for Super Bowl Sunday on February 9th; and
- the communication board has been installed where event notices will be posted.

A copy of the full report, including more events, is attached.

d. Website Committee

Janet Markelz read the report including these highlights:

- the team is exploring enhanced website capabilities;
- the team is meeting with the website controller from EBIA to learn how emails might be generated as new information is loaded to the site;
- they are waiting on the new rules enacted by the state on what must be included on sites for buildings of our size;
- she explained there are owner pictures on the private side of the website and pictures can be provided; and,
- Rainy Kitkowski from the team, has volunteered to spearhead communication from the website to the new TV in the lobby.

Question/comments:

A question was raised asking what is included in the state mandates.

Response: Content and access requirements are now more clearly defined. The state also reduced the number of HOA units requiring a website from 125 to 25.

A copy of the report is attached.

e. Landscape Committee

Sue Walker related the recent committee activities including:

- a January 2nd review of the landscape with Pelican Landscaping after the 2 hurricanes;
- given that some plants that looked dead a while back, seem to be coming back, it was suggested we wait before replacing them. A new target for review is the end of March to allow the soil salt content to adjust;
- a quote of approximate \$14K was provided if the plants need to be replaced; and
- Sue asked for direction from the board.

Scott motioned to wait until late March to decide whether to replace plants; Joel seconded the motion and it was unanimously approved.

A copy of the report is attached.

f. WMA Update

Scott recapped the WMA report:

- team is looking at a proposal to replace dead plants around 3-4 pool. The proposal shows replacement plants similar to those killed by the storm surge.

Building 3 asked for a meeting where we plan to suggest alternatives that seem to hold up better;

- all waterside fire hydrants have been replaced and WMA is looking to turn them over to the city. If that happens, they will be painted yellow;
- mangrove trimming is scheduled for January 25th.

A copy of the report is attached.

7. Old Business

a. Lobby Update

Scott displayed the final punch list for the lobby work, which shows these items yet to be completed:

- the tile on the elevator corners and the top;
- paint areas near the skim coating that need a touch-up;
- mounting the out-going mailbox; and,
- the TV cable was run.

He went on to clarify the furniture will likely be returned mid-next week.

A copy of the list is attached.

b. Insurance Dispute

Iris Kuhn, an attorney with Merlin Law and working with Javier Delgado, provided an update on the insurance claim. As part of the adjustment investigation period, the Lloyd's market requested a re-inspection of the doors and windows. The results of that re-inspection have been provided to the board members. Following the inspection, the arbitration clause under the policy was invoked and the value dispute is to be resolved through an arbitration panel with New York law applied. After the arbitration was invoked, we nominated Louis Estibus (sp) as our arbitrator. The company nominated their arbitrator and both parties agreed on Judge Bellon (sp) as the umpire. The arbitration panel should meet in the next couple weeks to review factuality of the case and the details of the dispute. The internal panel will also be meeting to establish case management order, deadlines, and potentially a trial date.

Questions/comment:

Scott asked about the Waterside board participation in the upcoming procedures.

Response: Typically an arbitration trial takes approximately 12 to 16 months. We requested that period to be shortened to 6 months given the work done to date, but that is only a request. We anticipate going to an early mediation. The process will follow 2 tracks, mediation as well as arbitration. If we do not settle in mediation, we anticipate the the defendants to request a deposition of a corporate representative which would bind the association. If there are additional discovery requests, the attorneys would write up the response, the board would review the response, and a representative would sign on behalf of the board. The board members would be involved in the mediation process - either all, or one with settlement authority.

Should the case go to trial, there would be board involvement.

Jeff Lievense asked for more detail about the 2 positions between ours and the underwriters. Response: Iris explained it involves a partial denial of the claim. The defendant maintains there is pre-existing damage and therefore should be excluded, as well as an exclusion of coverage as it relates to windows and doors.

Jeff asked about our position. Response: Iris asked whether there were individuals present other than board members. As the meeting included owners, she declined to discuss those details. Scott mentioned that he, on behalf of the board, signed our statement of loss, which detailed the amount of damage. If there have been any differences to that affidavit, Iris will have the new one sent.

At this point, Iris left the meeting.

Additional comment/questions:

Janet Markelz summarized her understanding of the gap. The insurance company assessed damage at \$500K but denied windows and doors. Scott said there were several things they did not include in their offer, like stucco and painting.

A question was asked about the amount signed for on the loss. Scott declined to answer but mentioned the number has been provided to owners earlier. He clarified the RCV amount provided with the last claim submitted, was a little over \$5M.

c. SIRS Update

Joel clarified the SIRS effort that has been done and will continue for years to come. He first explained reserves in general, as a pool of funds used to plan for major common area components, with a predictable, limited life and a future cost of replacement exceeding \$10K.

He provided the history and rules of the SIRS law, and the steps we took to get to this point - beginning with a building inspection by a third party (Beryl) that eventually lead to the final reserve study sent to owners at the end of 2024.

The law expanded the required reserve components from the original 4 (roofing, painting, paving, and anything > \$10K) to 8 (roofing, structure, fire protection, plumbing, electrical systems, windows, foundation, waterproofing, and anything > \$10K). The impact on Waterside 3 reserves, he explained, is the component list went from (pre-SIRS) 23 components at \$2.1M to 34 components at \$2.6M with the list broken into SIRS-required and non-SIRS-required reporting sections.

The concepts of threshold and full-funding strategies were explained with Waterside adopting a full-funding approach to calculate reserves. He summarized the impact to owners of these changes, beginning in 2025, to be \$140 per unit going to fund reserves with a 2.5% increase each year.

The reserve committee will annually review the non-SIRS components where adjustments for costs and inflation could be done (28% of the entire component replacement cost), but the SIRS component values (73% of the cost) are locked in for the life of the component or until another reserve study is completed, no longer than every 10 years.

Comment/Questions:

A question was raised whether there is a reserve fund for the external windows.

Response: There is a Florida statute that states the windows are an owner's responsibility unless the association is responsible for the insurance of them and there is an insurable event such as a named storm, like hurricane Ian, that causes the damage.

Janet mentioned if individuals cannot find the paperwork that explains these topics, the information can be found on the Waterside website.

8. New Business

a. Corporate Transparency Act

Scott explained the details of the act, namely that all the board members had to provide personal information to the state because they are 'beneficial occupants'. This means a member could do an action that could positively impact themselves. Waterside 3 is now in compliance with the act.

b. Time and Date for Next Meeting

Next meeting if February 13, 10am. It is the annual meeting.

c. Purchase and Lease Approval

Sylvie reviewed the list of lease items; there were no sales.

Brown	3/1/25	4/30/25	324	Donald & Diane Jones
Fornicola	1/1/25	4/1/25	381	Kent & Karen Niese
Orlando	1/1/25	1/31/25	323	Greg & Deborah Gurtner
Brown	1/20/25	4/30/25	371	Janet Holzer
Dolphins	1/15/25	2/15/25	375	Russell & Patricia Thomason
Orlando	2/1/25	3/31/25	323	Katherine Leonidas

9. Owner Comments

A question was raised whether the replacement of the external doors will include the doors in the garage. Response: yes.

10. Adjournment:

A motion was made by Joel to adjourn, Sue seconded, and the board agreed to end the meeting.

President's Report

- Let me start by saying HAPPY New Year to all of you, I hope all had a great holiday period.
- I want to thank all of the board members and committee members for your hard work and dedication last year. At times it seems like a thankless job, but is necessary for all of us to enjoy the Waterside III experience. This is a good time to put in a plug for owner participation on committees, the board and support for event set up and tear down.
- 2025 will be another busy year for us at waterside. From a project standpoint you can see in the chart below we have quite a few items to work on. In addition, I am showing the next few years to show the “large” projects we are planning on at this time.

On top of the project work we have a few other Important topics to focus on. We will work to bring our public adjuster topic to a conclusion, we need to work to try to reduce our insurance cost and to offset the lost FEMA flood discount. We want to upgrade our website as it will need to be able to handle the required information by 2026. And we will have SIRS fully incorporated int our 2026 budget as required by the Florida statute.

As the agenda shows, you will get updates on many of the items noted above during the course of the meeting

High level picture of WS III plans

Item	Todays cost	2024	2025				2026	2027
			Q1	Q2	Q3	Q4		
Asphalt / concrete	\$98,980.00	█						
Lobby update	\$107,983.80	█	█					
Fountain	\$6,200.00		█					
Repair stucco	\$10,000.00		█					
Flood proofing of lobby	\$5,000.00			█	█			
Metal Doors and Frames exterior 72 total	\$118,800.00			█	█			
Replace panels in FAP room	\$147,133.00			█	█			
Repair concrete spalling in carport area	\$10,000.00			█	█			
Sealcoat	\$6,250.00			█	█			
Landscaping in planters on decks	\$6,700.00					█		
Floors	\$85,500.00					█		
Coat ground floor walkways at carport						█		
Painting interior	\$72,000.00						█	
Elevator	\$140,000.00							

Waterside III at Bay Beach Treasurer's Report

January 16, 2025

This is to provide owners with an initial report on WS3's 2024 full-year financial results. It is based on preliminary information provided by our Meyers Brettholtz accountant. So, this will be brief with a final report and full details to be shared with owners at the February 2025 board meeting. Also, as you've heard from me before, there will be an external audit of WS3 2024 financials in the coming months.

First of all, on our operating and reserve fund balances as of December 31, 2024.

- Operating fund: We have an operating cash balance of \$538,717.99 and an overall fund balance of (\$933,517.03). Our relatively high operating cash balance is due to SBA funds we have received but not yet spent on pending storm repairs related to Hurricane Ian. The negative operating fund balance is due to the SBA loan we took in the amount of \$1,545,000. As we pay off the SBA loan, the operating fund balance will gradually increase.
- Reserve fund: We have a reserve cash balance, also the fund balance, of \$520,903.19. Our reserve fund balance is in line with what is needed to pay for budgeted future major maintenance items. Assistant Treasurer Joel Wilmoth will go into more detail on that later in the meeting.

Secondly, on our 2024 full-year operating revenue and expenses.

- Operating revenue in 2024 was \$659,761.03. This is \$29,311.95 or 5% above the budgeted amount.
- Operating expense in 2024 was \$1,422,172.79. This is \$791,723.71 above the budgeted amount. The large expense deviation is due mainly to Ian related storm repair costs which were paid from SBA loan funds and a minor fraction by a flood insurance claim. Ordinary operating expenses were about 6% over budget mainly due to unbudgeted tax on earned interest and higher than expected property insurance costs.

Lastly, as I reported at the November 2024 board meeting, we applied for an increase of \$455,000 in our SBA loan amount to a total of \$2,000,000. This was granted by SBA, and the loan revision is now in processing. If it turns out these funds are not needed, we will return any excess to SBA.

Respectfully submitted,
Jeff Lievens, Treasurer

PROPERTY MANAGER'S REPORT

Thursday, January 16, 2025

HVAC: Semi-Annual PM for your a/c heating system is scheduled for next Monday, January 20 & Tuesday, January 21.

Duct installation: have been completed. The association will pay and then invoice the owners \$150.

Stucco Repairs: We received a proposal for the stucco delamination repair off of the social room for \$2695 from Northern Contracting. We requested another from HomeFixerz which we hope to get in the next couple of days.

Annual Fire Inspection: only 2 deficiencies were found during the annual sprinkler inspection. Both were in the mechanical closet. (343 & 326). A reminder that fire sprinkler head trims should never be removed as they are costly to replace.

Window Cleaning: The white streaking appearing in your windows is from the window frame chalking. Painting of them should added to the painting schedule.

Elevator: #2 needs a door operator motor which was completed this morning.

Fountain Equipment: we are still waiting for a proposal to place the equipment on a rack above the ground. Don with Commercial Pool & Spa will install a similar racking system at pool 1-2 next week. This will give us an idea how it could be installed for the fountain equipment. The landscape lights are on the same circuit as the fountain and why they are not operational yet.

Men's Sauna: the heating element needs replacing. A proposal for \$1632. was received to replace the element and contractor.

Flood Insurance Claim Milton: We filed a claim for clean up and any minor electrical repairs (elevator pit & front entrance).

APPROVED LEASES:

Brown	3/1/202	4/30/202	324	Donald & Diane Jones
Fornicola	1/1/202	4/1/2024	381	Kent & Karen Niese
Orlando	1/1/202	1/31/202	323	Greg & Deborah Gurtner
Brown	1/20/20	4/30/202	371	Janet Holzer
Dolphins	1/15/20	2/15/202	375	Russell & Patricia Thomason
Orlando	2/1/202	3/31/202	323	Katherine Leonidas

SALES: none

Respectfully submitted,
Sylvie Gauthier, CAM

Facilities Committee Update

- Carport lights being replaced with LED lighting
- Quoting in process for Stucco repair on social room deck (water intrusion)
- Paint scraped and repainted in stair way A locations from Nov / Dec report
- Seal replaced on roof door
- Trash room roll up door being quoted from Nov / Dec report
- Quotes in process for concrete repair in carport area Nov / Dec report
- Quotes received for Booster pump shut off switch if city water pressure is lost
- Elevator room A/C condensate line repaired
- Hurricane Sand bags stored for season

Pool committee report

	Item	comments
1	Pool continues to "lose" water every day (average pool water usage per day since November 12, is 3,094 gallons per day) - leak test	pool was leaking through lights - has been repaired
2	Feature pump not working properly since Hurricane Ian	had to wait for leak to be fixed, next on list
3	Pool level level control works only sporadically (see item number 1)	testing now that pool level is stabilized, new float installed for level control
4	Spa pump not working	new pump installed , waiting for panel to be cleaned / replaced
5	Spa aerator not working	
6	Pool lights not working - lights blinking on and off	electrician called
7	Raise pumps and electric panels	
8	Remove excess piping on heating units	
9	Move up transformer / overloads for geothermal pump	
10	Replace loud chemical feeder	One replaced (sounds very quiet)
11	Wires to Spa aerator need to be in sealtite or conduit	wire is taped
12	If hose is needed in pool pump area, install hose bib to keep it off of the ground	hose picked up and placed in corner of cage
13	Clean out infinity edge sump which contains auto fill	completed
14	Gate closers on both gates do not work	
15	Ground fault recepticle by shower not working	
16	Throwable life ring with rope is missing	
17	Grates at infinity pool, have pieces of the grate that are laying on top of the grating - needs reinstalled	worked on them, they are recommending replacement
18	Escutcheon plates on North East ladder are not installed	
19	Door on first floor storage area is missing	vendor on site 1/3 to measure doors
20	Ventilation grates on 1st floor doors on pool house are rusting	2 doors painted 2 more to go
21	West storage door on pool house is rusting out near bottom hinge	vendor on site 1/3 to measure doors
22	Pool fence rail damaged where Palm tree fell	
23	Valve Leak on primary heating unit winterizing drain	repaired to slow leak, will need to cut out and replace
24	Pool separation tank is held together by a strap - needs replaced	
25	Clean out pool coffins and pool pump area, much debris and old parts in them	
26	2 of the 4 pool heaters are not working as of 12/16/24	
27	leak from access panel 3 / 4 pump house	leaking at trap

Social committee report

Hounshell Social Committee Report- January 16, 2025

Since our last report, we have had two very nice Holiday meals. Attendance was lower than expected. This is likely related, at least in part, to the two fall hurricanes; fewer residents have been returning from their summer homes.

We are ready to launch our activities for 2025. The Brunch will be on January 19th and Mimosas will be provided. We expect the new communication board will be installed within the next week. Please watch for the Brunch announcement and sign-up sheet to be available.

The next event will be Chinese New Year on January 31st. This will be in conjunction with the Friday night Cocktail gathering and we are planning to provide Eggrolls and Fried Rice as a nod to the Day.

In February, we are planning a "Build Your own Burger Bar" for Super Bowl on February 6th. A sign-up sheet will be available this year for avoidance of repetitive menu items. February will also include a Valentine's Day Continental Breakfast on the 14th and a "Swap Meet" on February 20th.

Please check the new Social Bulletin board in its new location for any schedule updates. Welcome back to our returning residents.

Judy Stewart, Chairperson

Sue Walker and Patty VanGorder

Website Committee Report 1/16/25

Revised documents emailed to the committee have been uploaded to the website.

We are currently exploring additional website features which could include increased security, a system to notify residents when new information appears on the website and other features that would increase website engagement.

We are meeting with Kurt who created and maintains the EBIA website. They use the same platform as Building 2. They send out email notifications every Monday when there is new information on the site. How many of you receive those update emails? Do any of you log in to see what's new? Their cost is \$700/yr, that is based on 1400 doors. Our cost will be much less.

Any new residents are encouraged to send a picture to janetmarkelz@gmail.com. We would love to have one to post on the website in the owners photo directory. It helps us all to get to know each other!

Coming Soon! The website committee will facilitate the information postings on the new television screen in the lobby.

Respectfully submitted,
Janet Markelz
Website Committee Chair

Landscape committee report

LANDSCAPING REPORT
JANUARY 16, 2025



A review of the WSIII landscaping was held with Pelican Landscaping on January 2, 2025.

Many of the plantings around the building look dead, however many are showing signs of new growth. We are hopeful that at least some of these will recover with time and won't need replacement. A good example of shrubs that looked dead after the hurricanes were the front hibiscus. They had no leaves afterwards and they have come back strong.

It has been suggested that these plants should be given additional time to flourish. By the end of March we should have a better idea what will need to be replaced. New plantings at this time are not recommended due to unknown salt content in the soil and lack of rain / irrigation since the hurricanes.

We received quotes from Pelican which gives a very general idea of what the worse case scenario would be for replacement. Quote 3052 and 3054 provide the detail. The total replacement estimate is approximately \$14,000.

A direction is requested from the Board.

Respectfully Submitted,

S.M. Walker

WMA update



WMA update as it pertains to Waterside III, Most of this can be found in the latest newsletter, If you do not receive the newsletter you need to register for email notifications from Waterside Master Association.

WMA is reviewing a proposal to replace the dead plants surrounding the 3-4 pool. When that is approved the final mulch will be installed.

All of the Waterside owned fire hydrants that were scheduled to be replaced have been completed. WMA will be working with town of FMB to see if they will take over the responsibility of maintenance and repair of these hydrants. You will know if we succeed if the hydrants get painted yellow as with all Town owned hydrants.

Mangrove trimming is scheduled for January 25th

The fishing pier is the responsibility of EBIA not WMA, but is scheduled to be repaired starting in mid January.

Dan Squire, 12/27/2024

OLD BUSINESS - Lobby Update



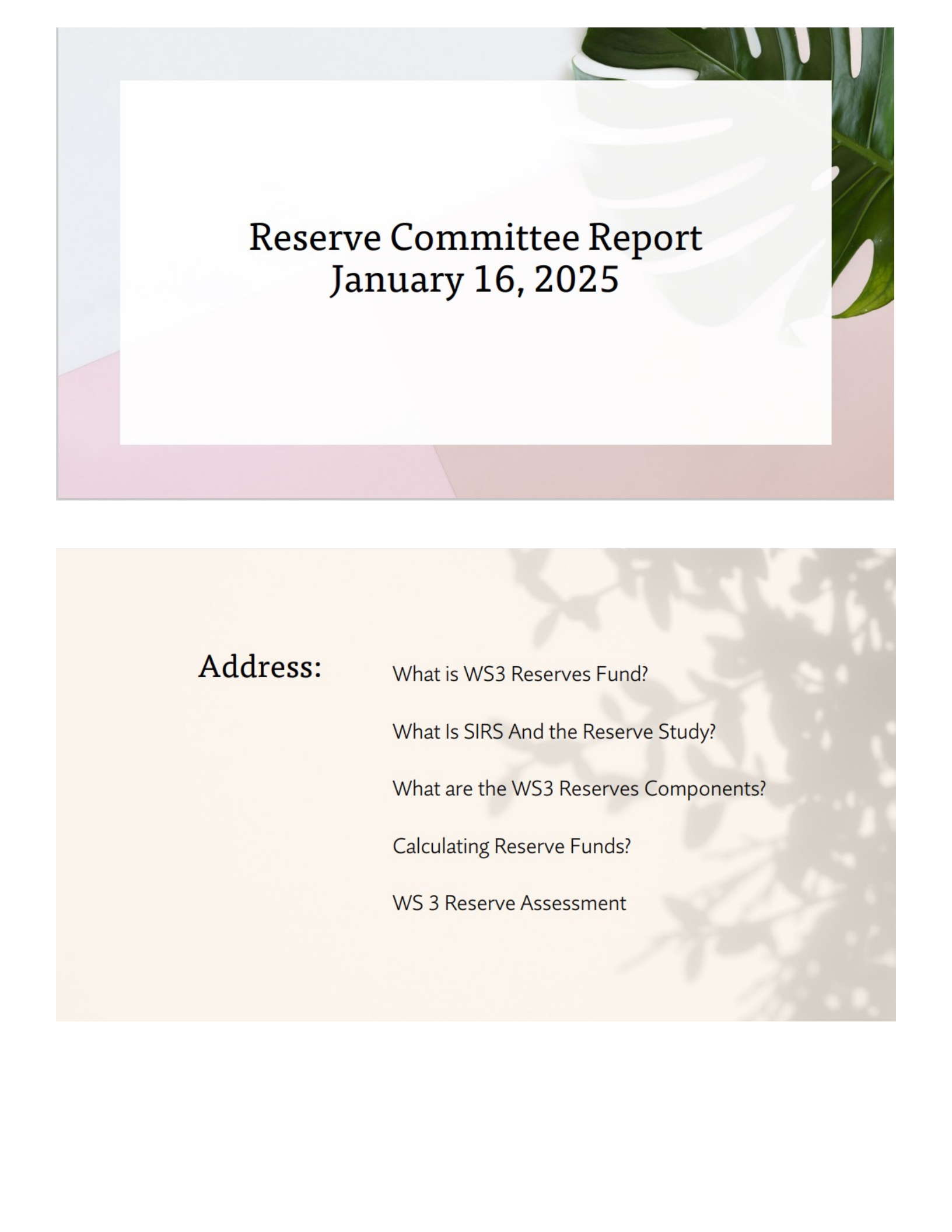
- Final punch list generated on 1/3/25

crown molding elevator ceiling			Complete
cubby			Complete
granite countertop			
install new tack boards			
Install lighting			Complete
Paint area in lobby FAP room landing - switches were installed here			Complete
tile on elevator corners and top you showed \$750 in invoice 2099 for this			
Seal tile			Complete
Install clear corner protectors			
Paint blue on elevator walls side and back NOT center			Complete
Install TV and pull wire for tv			
Elevator vestibule top corners quarter round			
conversation area wall paper mis-match			Complete

- Furniture purchased to be placed in lobby after above items are completed
- Artwork purchased to be hung after above is completed



Reserve Committee Report January 16, 2025



Address:

What is WS3 Reserves Fund?

What Is SIRS And the Reserve Study?

What are the WS3 Reserves Components?

Calculating Reserve Funds?

WS 3 Reserve Assessment



What Is the WS3 Reserve Fund?

A savings account for major building components.

- Building Common Area Components
- Components with a Predictable, Limited Life.
- Minimum Threshold Cost (\$10,000)

WS3 Reserve Fund Features

Two Separate Bank Accounts

- one an interest-bearing savings account (currently 4.1%)
- checking account with the purpose of paying costs associated with reserves.

Current Cash Balance as of January 1, 2025=

\$517,693

What is SIRS and the Mandated Reserve Study?

SIRS=
Structural Integrity
Reserve Study

SIRS Requirements

- A SIRS assessment can be conducted by individuals with the necessary qualifications.
- The visual inspection (Milestone Inspection) part of this study, must be carried out or verified by professionals who hold specific licenses or certifications.
- This includes licensed engineers, licensed architects, or individuals certified as reserve specialists or professional reserve analysts.
- The SIRS legislation was prompted by the Surfside condominium collapse in 2021.
- Mandates that condo associations in existence on or before July 1, 2022, complete their initial SIRS by the end of 2024.
- Subsequent SIRS studies must be conducted every 10 years.
- Any budget adopted on or after December 31, 2024, requires that a SIRS be used as the basis for funding structural reserves.
- For WS3, since our 2025 budget was approved prior to 12/31/24 for 2025, the **law must be followed for the 2026 budget**

WS3 Timeline

May 2024– Waterside 1, 2, and 3 jointly hired Beryl Engineering and Inspection LLC to complete Milestone Inspections with regard to SIRS and non-SIRS components.

July 30, 2024– Beryl Site Visit

August 9, 2024– the WS3 BOD obtained draft copies of the Milestone Inspection and a proposed Reserve study that contained both SIRS and non-SIRS components

October 1, 2024– Follow up meeting #1 with Beryl attended by Sylvie, Scott and Joel

October 29, 2024– Reserve Study (ver. 1) sent to the BOD from Beryl

December 9, 2024– Reserve Study (ver. 1) and Milestone Report Released to Owners to meet the 45-day state mandated notice period

December 23, 2024– Follow up meeting #2 with Beryl attended by Sylvie, Scott and Joel with a brief appearance by Jeff (Scott left the meeting during that time). Purpose of this meeting was to further edit components included and excluded, current cost of certain components, update the beginning reserve balance, and to request an interest factor be included in the calculations.

December 26, 2024– Revised Reserve Study released to Owners



Milestone Inspection-Summary

*“From Beryl’s observation, the structural components and elements were generally found to be in Average condition, without evidence of substantial structural deterioration, **therefore a Milestone –Phase 2 is not required with forensic testing.** With regards to collapse, Beryl found that the building was not in danger of imminent collapse, repairs should be done in the near term. **The building is safe for its intended use and could be occupied.**”*



Reserve Study

Beryl Introduction: "A Reserve Study is a budget planning tool which identifies the current status of the reserve fund and a stable and equitable funding plan to offset the anticipated future major common area expenditures. A typical Reserve Study consists of two parts: the physical analysis and the financial analysis. The purpose of this study and supplemental survey is to assist Waterside 3 at Bay Beach Condo Association Inc in its due diligence for preparing their budgets for upcoming years."

What Are the WS3 Reserve Components?

In General:

- Before May 2022: reserve studies focused on four essential components: roofing, painting, paving, and anything over \$10,000.
- They were voluntary and did not necessarily require professional input.
- With the advent of SIRS, eight components must be considered in these studies.
- 8 components=Roofing, structure, fire protection, plumbing, electrical systems, windows, foundation, waterproofing, and any component over \$10,000 whose failure to replace or maintain negatively affects other items.

For WS3:

- Covered components, estimated useful life, estimated remaining life, and current cost of each is maintained and updated with each budget.
- 2024 budget: 23 items with total current value \$2.1 million.
- 2025 budget: BOD knew most of the components that would need to be included in reserves in 2026. Therefore the 2025 reserves list of components is very similar to the final Beryl study utilizing SIRS and non-SIRS components.
- 2025 budget has 35 items with total current value \$2.6 million.
- The Beryl Reserve Study (which will be used for the basis of WS3 2026 budgeting) contains 34 items at a total current value of: **SIRS- \$1,740,184 (67%) Non-SIRS= \$872,000 (33%) = \$2,612,224**

New Components In 2025 Reserves

Electrical Panels-Main
(\$25,500)

Electrical Panels-Sub
(\$12,250)

In-Wall Common Area
Plumbing Pipes
(\$217,500)

Lightning Protection
(\$25,000)

Social Room and
Kitchen (\$35,000)

Lighting Internal-now
included in Lighting-
Exterior (from \$16,000
to \$37,500)

Component	Number of Units	Type of Units	Unit Cost	Today's Price	Useful Life	Remaining Useful Life	First Replacement Cost	% TP	NFRC	Inflation Interest	2.00% 2.00%
SIRS Components											
Roofs (Mod tilt and Garage)	12000	Sq. Ft.	\$34.58	\$415,000.00	20	19	\$604,576.64				
Painting Building (Exterior)	69000	Sq. Ft.	\$1.70	\$117,300.00	10	4	\$126,969.29				
Fire Building System	1	Unit	\$218,424.33	\$218,424.33	30	26	\$365,515.06				
Water Booster Pump	1	Unit	\$27,500.00	\$27,500.00	25	17	\$38,506.64				
Transfer Switch	1	Unit	\$4,500.00	\$4,500.00	25	1	\$4,630.08				
Electrical Panels (Main)	6	Unit	\$4,250.00	\$25,500.00	50	48	\$65,970.29				
Electrical Panels (Sub)	7	Unit	\$1,750.00	\$12,250.00	50	51	\$33,631.39				
In Wall Plumbing Pipes	58	Unit	\$3,750.00	\$217,500.00	50	34	\$426,447.04				
Stairway Railings	2300	Sq. Ft.	\$31.50	\$72,450.00	40	32	\$136,534.97				
Balcony Railings	6800	Sq. Ft.	\$31.50	\$214,200.00	40	20	\$318,289.53				
Walkway Railings	4620	Sq. Ft.	\$31.50	\$144,900.00	40	29	\$257,319.90				
Utility Doors (External)	72	Unit	\$1,650.00	\$118,800.00	40	0	\$118,800.00				
Doors (Glass)	8	Unit	\$5,650.00	\$45,200.00	40	24	\$72,701.36				
Common Element Windows	10	Unit	\$2,760.00	\$27,600.00	40	24	\$44,232.02				
Interior Doors	385	Unit	\$200.00	\$77,000.00	50	35	\$154,391.47				
None											
Total SIRS Components				\$1,746,234.33			\$2,770,516.01	66.62%			71.70%
Elevator Cab Remodel	2	Unit	\$15,000.00	\$30,000.00	30	3	\$31,836.24				
Elevator Control Board	2	Unit	\$55,000.00	\$110,000.00	30	3	\$116,732.88				
Elevator Motor	2	Unit	\$55,000.00	\$110,000.00	40	10	\$134,089.29				
Lightning Protection	1	Unit	\$25,000.00	\$25,000.00	30	14	\$32,986.97				
Security System	1	Unit	\$15,000.00	\$15,000.00	25	24	\$24,126.56				
Social Rooms/Kitchen	1	Unit	\$25,000.00	\$25,000.00	25	11	\$43,511.10				
Carpet	1	Unit	\$85,500.00	\$85,500.00	10	1	\$87,210.00				
Ceramic Tile	2300	Sq. Ft.	\$15.26	\$35,100.00	15	13	\$46,406.59				
Garage Doors/Gates	2	Unit	\$19,975.00	\$39,950.00	20	17	\$55,929.64				
Parking Lot Pavement	1	Unit	\$79,750.00	\$79,750.00	30	29	\$141,623.61				
Awnings	1	Unit	\$30,000.00	\$30,000.00	12	5	\$33,122.42				
Pavers	1	Unit	\$30,000.00	\$30,000.00	40	15	\$40,376.05				
Fitness Room Equipment	1	Unit	\$13,000.00	\$13,000.00	12	9	\$21,511.67				
Saunas	2	Unit	\$9,500.00	\$19,000.00	20	9	\$22,796.76				
Painting (Interior Common)	1	Unit	\$72,000.00	\$72,000.00	15	2	\$74,908.80				
Lobby Paint	6000	Sq. Ft.	\$1.70	\$10,200.00	10	10	\$12,433.74				
Lighting External/Internal	500	Unit	\$75.00	\$37,500.00	25	32	\$70,670.27				
Terrace Decks	1	Unit	\$60,000.00	\$60,000.00	10	6	\$67,569.75				
HVAC Systems	3	Unit	\$10,000.00	\$30,000.00	15	10	\$36,569.83				
Non-SIRS Components				\$672,000.00			\$1,092,328.28	32.28%			28.20%
Totals				\$2,418,234.33			\$3,862,844.29				

Calculating Reserve Funds

Historically WS3 used a Threshold funding strategy with a **set Threshold of \$0**. By this method the forecasted reserve fund balance must not go below zero in any year over the next 30 years.

The Threshold funding method does not take into consideration the need for **full funding of components that are not scheduled for replacement in the current year**.

The problem with this method is **unexpected Reserve costs** are more likely to **cause deficits requiring irregular annual changes to reserve assessments, delays in scheduled replacements of components or even special assessments**.

A formal internal WS3 study to review the reserve list is performed periodically. The last study was done in 2021.

Note: Funding planning in a reserve study does not use current values. **Replacement Cost values are used**.

Replacement Cost is the projected value based on inflation at the components end of life that is used as the basis for funding.

2026 Budget and Beyond- WS3 Reserve Assessment

Reserves Calculated Using a Full Funding Strategy

Full Funding Strategy- A component with a 10-year life and a \$10,000 **replacement cost**, should have \$3,000 set aside for its replacement after three years (\$10,000 divided by 10 years=\$1,000 per year X 3 years=\$3,000). In this case, \$3,000 **equals full funding**.

An association that is 100% funded does not have all of the Reserve Funds necessary to replace all of its Reserve Components immediately; it has the **proportionately appropriate Reserve Funds for the Reserve Components** it maintains, based on each component's Current Replacement Cost, age and Useful Life.

Definitions:

Beginning Reserve Balance=Reserve balance plus Contributions and Interest. Then subtract prior year Project Expense.

Fully Funded Balance=Total Accrued Depreciation of all Reserve Components (Replacement Cost x Effective Age/Useful Age)

Replacement Cost- Component Cost to replace at end of its useful life using the inflation rate assumption (2.0%)

Percent Funded= Beginning Reserve Balance/Fully Funded Balance

Rating= Reserve fund strength is measured as a percentage. Typically, associations with a percent funded level of more than 70% have a lower risk for special assessments. Associations with a percent funded level of less than 35% have a higher risk of special assessments and deferred maintenance.

Waterside 3 at Bay Beach Condo Association Inc Percent Funded Report - Recommended Funding Strategy



Interest Rate: 3.00%
Inflation Rate: 2.00%
Dues Increases: 2.50%

Percent Funding of Total that is SIRS 73%									
Year	Beginning Reserve Balance	Fully Funded Balance	Percent Funded	Rating	Annual Reserve Contribution	Loans or Special Assessment	Interest Income	Project Reserve Expenses	
2025	\$517,693.00	\$1,328,849.28	38.96%	Fair	\$95,000.00	\$0.00	\$14,816.79	\$118,800.00	
2026	\$508,709.79	\$1,125,262.21	45.21%	Fair	\$97,375.00	\$0.00	\$15,367.34	\$93,840.00	
2027	\$527,612.13	\$1,167,426.50	45.19%	Fair	\$99,809.38	\$0.00	\$16,575.38	\$74,908.80	
2028	\$569,088.09	\$1,234,594.01	46.10%	Fair	\$102,304.61	\$0.00	\$19,186.69	\$31,836.24	
2029	\$658,743.15	\$1,350,494.03	48.78%	Fair	\$104,862.22	\$0.00	\$19,099.08	\$126,969.29	
2030	\$655,735.17	\$1,360,486.30	48.20%	Fair	\$107,483.78	\$0.00	\$21,902.90	\$33,122.42	
2031	\$751,999.42	\$1,477,042.72	50.91%	Fair	\$110,170.87	\$0.00	\$23,838.02	\$67,569.75	
2032	\$818,438.57	\$1,555,895.45	52.60%	Fair	\$112,925.15	\$0.00	\$27,940.91	\$0.00	
2033	\$959,304.62	\$1,710,554.64	56.08%	Fair	\$115,748.28	\$0.00	\$32,251.59	\$0.00	
2034	\$1,107,304.49	\$1,865,213.83	59.37%	Fair	\$118,641.98	\$0.00	\$35,451.84	\$44,218.43	
2035	\$1,217,179.88	\$1,972,726.62	61.70%	Fair	\$121,608.03	\$0.00	\$38,693.53	\$49,013.58	
2036	\$1,328,477.87	\$2,075,733.44	64.00%	Fair	\$124,648.23	\$0.00	\$42,288.24	\$43,518.10	
2037	\$1,451,896.24	\$2,187,281.90	66.38%	Fair	\$127,764.44	\$0.00	\$44,200.57	\$106,308.50	
2038	\$1,517,552.74	\$2,228,264.94	68.10%	Fair	\$130,958.55	\$0.00	\$48,093.17	\$45,405.59	
2039	\$1,651,198.87	\$2,340,082.80	70.56%	Strong	\$134,232.51	\$0.00	\$53,562.94	\$0.00	
2040	\$1,838,994.32	\$2,501,380.25	73.52%	Strong	\$137,588.33	\$0.00	\$53,442.95	\$195,150.91	
2041	\$1,834,874.69	\$2,451,039.91	74.86%	Strong	\$141,028.03	\$0.00	\$59,277.08	\$0.00	
2042	\$2,035,179.81	\$2,616,946.24	77.77%	Strong	\$144,553.73	\$0.00	\$60,087.60	\$176,813.43	
2043	\$2,063,007.72	\$2,593,465.19	79.56%	Strong	\$148,167.58	\$0.00	\$62,060.52	\$142,824.62	
2044	\$2,130,401.20	\$2,610,474.81	81.61%	Strong	\$151,871.77	\$0.00	\$50,330.89	\$604,576.64	
2045	\$1,728,022.22	\$2,148,989.01	80.41%	Strong	\$155,668.56	\$0.00	\$46,962.18	\$318,289.93	
2046	\$1,612,368.02	\$2,010,751.11	80.19%	Strong	\$159,560.28	\$0.00	\$52,703.15	\$15,156.66	
2047	\$1,809,474.78	\$2,191,700.73	82.56%	Strong	\$163,549.28	\$0.00	\$58,372.26	\$27,281.99	
2048	\$2,004,114.33	\$2,360,099.11	84.92%	Strong	\$167,638.01	\$0.00	\$61,264.89	\$129,589.47	
2049	\$2,103,427.76	\$2,416,114.42	87.06%	Strong	\$171,828.97	\$0.00	\$64,025.90	\$141,059.95	
2050	\$2,198,222.68	\$2,472,567.73	88.90%	Strong	\$176,124.69	\$0.00	\$71,230.42	\$0.00	
2051	\$2,445,577.79	\$2,678,119.12	91.32%	Strong	\$180,527.81	\$0.00	\$60,681.08	\$603,402.93	
2052	\$2,083,383.75	\$2,245,935.56	92.76%	Strong	\$185,041.00	\$0.00	\$67,726.43	\$10,877.22	
2053	\$2,325,273.96	\$2,455,326.77	94.70%	Strong	\$189,667.03	\$0.00	\$72,436.08	\$100,405.09	
2054	\$2,486,971.98	\$2,565,863.41	96.93%	Strong	\$194,408.70	\$0.00	\$66,639.82	\$460,053.46	

Definitions:

Annual Reserve Contribution=
The total annual Association contribution made to the reserve account. A planned **2.5% annual increase** is assumed for WS3. (**\$40.95 annual per unit**).

Loans or Special Assessments=
This plan **assumes none needed**.

Interest Income= This plan represents an assumption of annual **interest earned of 3.0%** on the Reserve balance contributing additional support to the Reserves.

Project Reserve Expenses=
Scheduled Component Replacement in that year resulting in a depletion of reserve account funds.

Waterside 3 at Bay Beach Condo Association Inc
Percent Funded Report - Recommended Funding Strategy



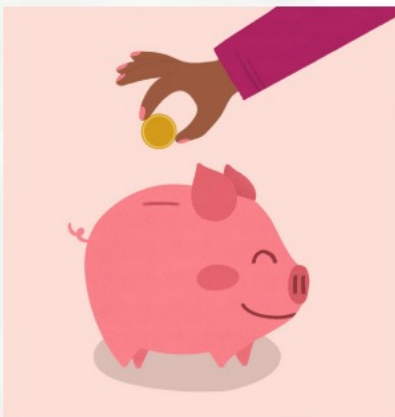
Interest Rate: 3.00%
Inflation Rate: 2.00%
Dues Increases: 2.50%

Year	Percent Funding of Total that is SIRS		73%		Annual Reserve Contribution	Loans or Special Assessment	Interest Income	Project Reserve Expenses
	Beginning Reserve Balance	Fully Funded Balance	Percent Funded	Rating				
2025	\$517,693.00	\$1,328,849.28	38.96%	Fair	\$95,000.00	\$0.00	\$14,816.79	\$118,800.00
2026	\$508,709.79	\$1,125,262.21	45.21%	Fair	\$97,375.00	\$0.00	\$15,367.34	\$93,840.00
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2054	\$2,486,971.98	\$2,565,863.41	96.93%	Strong	\$194,408.70	\$0.00	\$66,639.82	\$460,053.46

2024 Reserve Study Findings and Conclusions

Reserve funding is collected through regular quarterly owner assessments.

The total amount collected in 2024 was \$135,000.



Fiscal Year Ending:	2025	
Funding Study Length in Years:	30	
Total Units:	58	
Annual Inflation Rate:	2.00%	
Annual Assessment Increase Rate:	2.50%	
Interest Rate:	3.00%	
Beginning Balance	\$517,693.00	
Recommended Reserve Contributions	\$8,114.58 / month	\$95,000.00 / Year
	\$139.91 / unit month	
Average Net Interest Earned:	\$1,280.61 / month	\$14,816.79 / Year
Allocation to Reserves:	\$9,395.20 / month	\$109,816.79 / Year
	\$139.91 / unit month	

Note: Interest and Inflation as defined by Congressional Office Budget Report as requested by COA Treasurer

Final Notes:

- BOD will be working with Accountants Myers Brettholtz and Company to divide the Reserve Account into Two Separate Pools.
- 71.7% of the Component Replacement Cost will be the SIRS Pool
- 28.3% of the Component Replacement Cost will be the Non-SIRS Pool
- The Reserves Committee will annually review the Non-SIRS components in addition to the assumptions regarding inflation and interest.
- Non-SIRS Component adjustments can be suggested for review by the BOD if needed.
- SIRS Components Values, Useful Life, Estimated Life will only be edited as a result of an updated SIRS study.
- The maximum period allowed before updating the Milestone Inspection and SIRS Reserves study is 10 years.