



February 23, 2018

Owners,

We would like to provide some information about our upcoming board meeting to approve our budget. Enclosed with this letter is our 2018 budget for your review. We have simplified the budget to provide clarity to the cost associated with the management and maintenance of the building. One of the issues that we are confronting this year is our previous underfunding of the reserves. The law requires the board to fully fund the reserves annually. The board is informed by our 2012 reserve study when preparing our reserve budget. The reserve study is posted on our website located at <http://www.bayviewclearwater.com>, please review. The executive summary provides what our balances should be for each year. Having a fully funded reserve ensures that the Association will be able to meet its obligations and helps us retain our fair market value with prospective buyers. The delay in getting the budget approved last year was due to owner concerns over our expenses and reserve budget, thus we have reviewed all relevant information and we have made an informed decision in preparing this year's budget. Please see enclosed agenda for the upcoming board meeting.

After a review of our expenses and anticipated cost associated with last year's hurricane season, the board will vote to contract or hire an on-site maintenance person. This will greatly mitigate our expenses and at the same time provide better service to our owners. This person will have many duties: from managing our yearly maintenance requirements; providing supervision to vendor services; assisting the grounds committee and board with bidding capital expenditures and reserve component purchases; and providing limited maintenance on common elements in owner units. There are other responsibilities and we will prepare a report to the owners that explains the services, amenities and procedures for making best use of our on-site maintenance person. Bottom line is we will get more for our Association fees.

We have received an estimate to repair our leak and mold issues associated with the construction of our building from Stirling & Wilber Engineering Group. The estimated cost of repairs, if done at one time, is priced at \$394,000.00, with cost of a phased repair potentially being higher. The leak report is available on the owner's portal at [https://mail-exchange.mgmt-assoc.com/CaliberWeb2_MAA#/.](https://mail-exchange.mgmt-assoc.com/CaliberWeb2_MAA#/) We are told that there are no issues currently with our structural integrity, however, if we do not act in a timely manner that could change over time. We still have some due diligence on the scope of work and cost; this will take us the next six months to sort out. The board will begin considering special assessments each year until the work is complete. This is not an inexpensive endeavor but is needed to maintain the health, safety and integrity of our building for our residents.

Board of Directors:
Karl Voss, President
Adolfo Valero, Vice President and Treasurer
Evon Kopitas, Secretary

Our budget reflects what our expenses are, broken down by category of expense. We have added the R&M Contract section to explain reoccurring fixed cost associated with the building. Any expense that exceeds the contract amount will show as a negative number at the end of the year that will guide us in preparing the next year's budget. These line items should not change much because they are the cost of maintaining the systems in the building. The R&M non-contract section reflects unanticipated cost due to storms, other contingencies, and projected expenditures the board has approved for the year. For example, replacement of our common element air conditioners has been approved. We only have \$7,178.00 in our reserve accounts to change the three hallway air conditioners and an additional one in the gym. The cost for replacement is \$14,200.00 dollars, which includes first year service and 10 year warranty on parts. Thus, we will take the shortage out of the R&M non-contract sub-line- misc. contractor for the difference. We would not have to do this if the reserve budget was fully funded. Also, please note that on revenue, we have a line item for "prior year rollover," that line reflects seventy five thousand dollars that have been kept on our balance sheet. Our accountant has advised that standard accounting practices for Associations should have only three months operating funds on the balance sheet. Therefore, the board has moved the excess from the balance sheet to help mitigate the cost to the Association this year. Additionally, future budgets will reflect cost associated with a current year's cost. Our yearly assessments will reflect thoughtful expenditures and appropriate reserves, with all funding appropriately accounted for. If the board seeks to make capital expenditures that exceed its authority under the condominium documents, it will have to ask the owners for a vote. This means owners will have more oversight.

Please look at your reserve budget and note that under the "est. balance 1/1/2018" heading, and notice how many items along the column have no funding. These are line items our reserve funding should supplement each year. However, past boards did not integrate the reserve study into our budget cycle and left the statutorily minimum line items, which are the lines that are funded in that section-this is a problem, because we have not been funding needed replacement components. Please note our exterior building elements: walls, stucco, paint, finishes, & capital repairs line. We are scheduled to repaint the building in two years at an estimated cost of \$85,000.00 and we have only \$36,245.00 in reserve, even with this year's assessment we will only have \$60,623.00. We will be short when it comes due. It is possible that we defer that expense until we catch up with our reserve funding, but that is a year by year assessment by the board each year. That is why the board will make a recommendation at our annual meeting this year to "pool" reserves. This will allow us to pull money from the component elements as required. We currently cannot do that by law because we are restricted to the elements in which you see funding. The reality of our reserve funding was not apparent because we did not previously integrate our reserve study. The pooling of our reserves will give the Association needed flexibility in managing the budget.

Contracting services. We have implemented needed changes to our contracting and bidding processes. In the past the board approved capital expenditures with few safeguards to contain costs and this has changed. For example, we have a bid to replace lights around the pool due to last year's hurricane season for \$7,980.00, we have asked for other bids and they are coming in about the same. The board, given the cost and fixture selection will seek to purchase the lighting units. If the Association instead buys them at \$300.00 and we need 12 units, it will cost \$3,600.00. If we then have our on-site maintenance person install, this one action will pay \$4,380.00 of our on-site maintenance person salary. This makes best use of our resources and saves us money and this is just one of many projects we have to attend to. Here again, our reserve funding line for exterior fixtures has no money so we have to repair and replace out of our yearly operating funds. If we had a properly funded reserve this would not be an additional expense in the current year.

The building is at the age where components need to be replaced, such as the air conditioning units above so we leverage our purchasing power for common elements to benefit the owners. We can now offer through the

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air conditioning vendor discounts to unit owners. This contractor will replace unit systems at a rate of \$5,150.00 for 4 ton and \$5,850 for 5 ton. This is a considerable saving to unit owners and the above warranties will be in place. Additionally, the unit dryer blowers, which help vent your dryers and need to be maintenance and vented yearly can be done by our on-site maintenance person at a minimal cost compared to contracting that work unsupervised, twice a year. We have to achieve economy of scales that benefit the owners with proper contracting and yearly preventive maintenance, we can.

The above is just a snapshot of our requirements and ongoing attention. We will be sending out letters and holding meetings to keep the owners informed and your participation and assistance is appreciated. Our next board meeting will be in May. We have a great place to live and we want to ensure that this building is maintained in a manner consistent with the intent of our development for the enjoyment of all our owners.

Cordially,

Your Board of Directors

Board of Directors:
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**BAYVIEW CONDOMINIUM ASSOCIATION, INC.
BOARD OF DIRECTORS BUDGET MEETING**

NOTICE IS HEREBY GIVEN of a Board of Directors meeting of the Bayview Condominium Association, Inc. to be held at the following date, time and place:

DATE: March 16, 2018

TIME: 10:00 a.m.

PLACE: Cianfrone, Nikoloff, Grant & Greenberg, PA
1964 Bayshore Blvd., Suite A
Dunedin, FL 34698

CONFERENCE

CALL LINE: 1-605-475-6711. Passcode 315-2747

The Agenda for the meeting will be as follows:

1. Call to Order - Roll Call - Establish quorum
2. Reading and disposal of unapproved minutes
3. President's Report
4. Treasurer's Report
5. Manager's Report
6. Unfinished Business
7. New Business
 - a. Officer Roles and Reassignment
 - b. Adoption of Board Resolutions
 - c. Discussion of Special Assessment
 - d. Adoption of Budget
 - e. Review of Vendor Contracts and Performance
 - f. Discussion of On-site Maintenance Personnel
9. Next Meeting Date & Time
10. Adjournment

Dated March 2, 2018

2018 PROPOSED BUDGET FULLY FUNDED
JANUARY 1, 2018 TO DECEMBER 31, 2018

| ACCT # | ITEM | | Proposed Budget 2018 |
|----------------------------|-------------------------------------|-------|----------------------|
| REVENUES | | | |
| 6010-000 | Maintenance Fee-Operating | | \$234,518.25 |
| | Maintenance Fee-Reserves | | 152,329.75 |
| | Prior Year Rollover | | 75,000.00 |
| | TOTAL REVENUES | | \$461,848.00 |
| ADMINISTRATIVE | | | |
| 7110-000 | Insurance-Liability | | 41,000.00 |
| 7110-001 | Insurance Flood | | 9,700.00 |
| 7210-000 | Legal | | 5,000.00 |
| 7212-001 | Professional- Review Fees | Fixed | 2,500.00 |
| 7212-003 | Professional-CPA Fees | Fixed | 250.00 |
| 7310-000 | Taxes & License-General | | 500.00 |
| 7310-002 | Taxes-Corp Annual Fee | | 61.25 |
| 7410-000 | Management Fees | Fixed | 13,860.00 |
| 7510-000 | Admin Expenses-General | | 2,000.00 |
| 7510-099 | Admin Expenses-45 day Lien | | 0.00 |
| 7810-001 | Bad Debt Expense | | 2,500.00 |
| | | | 77,371.25 |
| R&M CONTRACTS | | | |
| | Air Conditioning | Fixed | \$ 500.00 |
| | Cleaning Service | Fixed | 20,000.00 |
| | Elevator Monitoring/Phone | Fixed | 2,794.00 |
| | Elevator | Fixed | 3,670.00 |
| | Fire Alarm and Elevator Monitors | Fixed | 366.00 |
| | Fire Protection/Water Pump | Fixed | 2,284.00 |
| | Fire Protection-Fire Alarm Contract | Fixed | 1,323.00 |
| | Fire Protection Inspection | Fixed | 850.00 |
| | Garage Gates | | 1,200.00 |
| | Gym Maintenance | Fixed | 540.00 |
| | Lawn/Irrigation Services | Fixed | 8,700.00 |
| | Lift Station | Fixed | 600.00 |
| | Onsite Maintenance | Fixed | 35,000.00 |
| | Pest Control | Fixed | 1,800.00 |
| | Pool Heater | | 600.00 |
| | Pool Service | Fixed | 4,400.00 |
| | Security and Building Access | Fixed | 420.00 |
| | | | 85,047.00 |
| R&M NONCONTRACT | | | |
| | Contingency | | 10,000.00 |
| | R&M Equipment | | 5,000.00 |
| | R&M Misc Contractors | | 15,000.00 |
| | R&M Supplies | | 2,250.00 |
| | R&M-Boat Docks | | 500.00 |
| | R&M-Dryer Stacks | | 4,000.00 |
| | R&M-Electrical | | 5,000.00 |
| | R&M-Elevator Maintenance | | 2,500.00 |
| | R&M-Fencing | | 5,000.00 |
| | R&M-Lift Station | | 600.00 |
| | R&M-Limited Boat Docks | | 500.00 |
| | R&M-Painting | | 2,500.00 |
| | R&M-Parts | | 5,000.00 |
| | R&M-Plumbing | | 5,000.00 |

~~JANUARY 1, 2018 TO DECEMBER 31, 2018~~

[illegible]

| Reserve Component Inventory | | | 2018 | | | |
|---|-------------|----------------|---------------------|------------------|-----------------|-----------------|
| | Useful Life | Remaining Life | Cost of Replacement | Est Bal 1/1/2018 | Balance to Fund | Reserve Funding |
| Exterior Building Elements | | | | | | |
| Balconies, Concrete, Inspections, and capital repairs | to 20 | 12 | \$ 27,300 | \$ - | \$ 27,300 | \$ 2,275 |
| Balconies, railing aluminum | to 35 | 22 | \$ 105,000 | \$ - | \$ 105,000 | \$ 4,773 |
| Doors, Common, Garagem | | | | | | |
| Mechanical | to 25 | 12 | \$ 12,000 | \$ - | \$ 12,000 | \$ 1,000 |
| Light Fixtures | to 25 | 9 | \$ 12,650 | \$ - | \$ 12,650 | \$ 1,406 |
| Roofs, Tiles, Mansards | to 30 | 17 | \$ 67,500 | \$ 7,608 | \$ 59,892 | \$ 3,523 |
| Roof, modified Bitumen | 15 to 20 | 6 | \$ 129,000 | \$ 55,000 | \$ 74,000 | \$ 12,333 |
| Walls, Stucco, Paint Finishes, & Capital repairs | 5 to 7 | 2 | \$ 85,000 | \$ 36,245 | \$ 48,755 | \$ 24,378 |
| Waterproof membranes and Concrete Cap. Repairs, Plaza Decks | 25 to 35 | 21 | \$ 184,000 | \$ - | \$ 184,000 | \$ 8,762 |
| | | | \$ 622,450 | \$ 98,853 | \$ 523,597 | \$ 58,449 |
| Interior Building Elements | | | | | | |
| Elevator Cab finishes | to 20 | 7 | \$ 6,500 | \$ 1,000 | \$ 5,500 | \$ 786 |
| Exercise Equipment, Eliptical and treadmills | to 7 | 5 | \$ 12,500 | \$ - | \$ 12,500 | \$ 2,500 |
| Exercise Equipment, Weight Training Elements | to 15 | 14 | \$ 31,500 | \$ - | \$ 31,500 | \$ 2,250 |
| Floor Coverings, Carpet | 8 to 12 | 12 | \$ 24,200 | \$ - | \$ 24,200 | \$ - |
| Light Fixtures | 20 to 25 | 11 | \$ 16,650 | \$ - | \$ 16,650 | \$ 1,514 |
| Lobby Renovation | to 25 | 10 | \$ 27,000 | \$ - | \$ 27,000 | \$ 2,700 |
| Paint Finishes- Hallway | 8 to 12 | 11 | \$ 14,000 | \$ - | \$ 14,000 | \$ - |
| Paint Finishes - Stairwells (Includes on-grade garage) | 15 to 18 | 5 | \$ 10,500 | \$ - | \$ 10,500 | \$ 2,100 |
| Part Room, Renovation | to 25 | 10 | \$ 60,000 | \$ 2,194 | \$ 57,806 | \$ 5,781 |
| Wall Coverings | to 15 | 2 | \$ 28,000 | \$ - | \$ 28,000 | \$ 14,000 |
| | | | \$ 230,850 | \$ 3,194 | \$ 227,656 | \$ 31,630 |
| Building Service Elements | | | | | | |
| Elevators, Hydraulic, pumps, and controls | to 35 | 21 | \$ 100,000 | \$ 4,191 | \$ 95,809 | \$ 4,562 |
| Life Safety System | to 25 | 11 | \$ 40,000 | \$ - | \$ 40,000 | \$ 3,636 |
| Pumps, domestic water | 15 to 20 | 6 | \$ 14,000 | \$ - | \$ 14,000 | \$ 2,333 |
| Rooftop Heating and Cooling Unit | to 20 | 7 | \$ 40,000 | \$ - | \$ 40,000 | \$ 5,714 |
| Security System | 12 to 15 | 12 | \$ 19,000 | \$ 737 | \$ 18,263 | \$ 1,522 |
| Split Systems | 12 to 18 | 1 | \$ 20,000 | \$ 7,178 | \$ 12,822 | \$ 12,822 |
| | | | \$ 233,000 | \$ 12,106 | \$ 220,894 | \$ 30,590 |
| Property Site Elements | | | | | | |
| Dock, Wood (Includes Staircase) | | | | | | |
| Fishing Pier? | 20 to 25 | 9 | \$ 13,200 | \$ 4,113 | \$ 9,087 | \$ 1,010 |
| Limited Common Dock | 20 to 25 | 9 | \$ 10,000 | \$ 1,000 | \$ 9,000 | \$ 1,000 |
| Pavers Brick (Includes pool deck) | 20 to 30 | 12 | \$ 63,113 | \$ 3,210 | \$ 59,903 | \$ 4,992 |
| | | | \$ 86,313 | \$ 8,323 | \$ 77,990 | \$ 7,002 |
| Pool Elements | | | | | | |

Fences and Railings, Aluminum

(Includes patio area)

| | | | | | | |
|-------------------------|---------|----|-----------|----------|-----------|----------|
| | to 35 | 22 | \$ 27,500 | \$ - | \$ 27,500 | \$ 1,250 |
| Furniture | to 12 | 12 | \$ 28,000 | \$ 5,309 | \$ 22,691 | \$ 1,891 |
| Light Pole and Fixtures | to 25 | 12 | \$ 21,000 | \$ - | \$ 21,000 | \$ 1,750 |
| Mechanical Equipment | to 10 | 2 | \$ 20,000 | \$ 7,521 | \$ 12,479 | \$ 6,240 |
| Plaster Finish | 8 to 12 | 10 | \$ 13,590 | \$ - | \$ 13,590 | \$ 1,359 |

| | | | |
|------------|-----------|-----------|-----------|
| \$ 110,090 | \$ 12,830 | \$ 97,260 | \$ 12,489 |
|------------|-----------|-----------|-----------|

Garage Elements

Concrete, Elevated Floors,

Inspections, And Capital Repairs

Concrete, On-grade, Partial

Doors and Operators

Exhaust fans

Light Fixtures

(Includes stairwells and trash rooms)

| | | | | | | |
|--|-------|----|-----------|------|-----------|--------|
| | to 35 | 22 | \$ 15,075 | \$ - | \$ 15,075 | \$ 685 |
|--|-------|----|-----------|------|-----------|--------|

| | | | |
|-----------|-----------|-----------|-----------|
| \$ 59,700 | \$ 10,694 | \$ 49,006 | \$ 10,469 |
|-----------|-----------|-----------|-----------|

| | | | |
|--|--|--|--|
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| | | | | | | |
|---------------|---|---|----------|------|----------|----------|
| Reserve Study | 2 | 2 | \$ 3,400 | \$ - | \$ 3,400 | \$ 1,700 |
|---------------|---|---|----------|------|----------|----------|

| | | | |
|----------|------|----------|----------|
| \$ 3,400 | \$ - | \$ 3,400 | \$ 1,700 |
|----------|------|----------|----------|

Insurance

\$ 12,617

Developer/Leak Mitigation

\$ 25,000

Interest

\$ 1,037

Total

| | | | |
|--------------------|------------------|--------------------|------------------|
| \$1,345,803 | \$184,654 | \$1,199,803 | \$152,330 |
|--------------------|------------------|--------------------|------------------|