

PINESTONE AT PALMER RANCH ASSOCIATION, INC.
MINUTES OF BOARD OF DIRECTORS MEETING
November 15, 2022

Call meeting to order: The meeting was called to order at 6:00 PM by Dan Pittaro, manager of Pinestone at Palmer Ranch.

Proper meeting notice: The meeting was properly noticed in accordance with Pinestone at Palmer Ranch bylaws and Florida Statutes.

Determination of Quorum: It was determined there was a quorum. In attendance either in person or via Zoom were board members Rick Pluese, Frank Renda, Marty Port, Tony Fishetti Rocco Longo, Brian Fagan and Pete Sprague.

Manager's Report: Manager Dan Pittaro said tonight's meeting will be solely to discuss and ratify the 2023 budget only. Owners who wish to speak during the audience portion are asked to limit their questions or comments to three minutes so that everyone who has a question or wishes to make a comment will have time.

Meeting Minutes: The Board has received the meeting minutes from the October 5th meeting prior to tonight. There were no corrections or changes required. A motion to approve the minutes was made by Rick and second by Rocco. The motion passed unanimously. Dan said the minutes will be posted to the website tomorrow. He also reminded everyone that the password for the owner site is ppr.

New Business:

- The 2023 Association budget was discussed. Dan said the neighborhood was built beginning in 1995, and the last building was built in 1999. Therefore, the neighborhood is between 23 and 27 years old. Because of the age of the buildings, many components in the common areas and the buildings are in need of replacement or upgrading. This is required to ensure the quality of life, the quality of your investment, and the quality of the neighborhood to keep it at a premium level. For those not familiar with the process at Pinestone, Dan explained that the budget consists of 27 different budgets: one for each building and one for the neighborhood operating expenses. The preparation of the budget requires the review and analysis of 280 different line items. For the neighborhood budget, we did not simply apply an inflation factor to last year's numbers. Each line was carefully

determined by looking at the last three years expenses, and reviewing the current contracts for vendors like Waste Management, the water company, electricity, etc.

- For the individual building contracts, all new estimates were used for roof replacement and painting. There were significant price increases, particularly in the past twelve to eighteen months. Up through last year's budget (2022), they were still using cost estimates from 2016 to 2018 and increasing by only 1% per year. At one point this the consumer price index was greater than 9% annually and is currently in the 8% range. The budget was started in June and July.
- The average increase for the 26 buildings was 23%, and the average monthly increase in assessments is \$70.93. The range of payments was between \$349 and \$409 a month. Dan said he did a survey of assessments of neighboring condo communities in Palmer Ranch. Arrielle was between \$470 to \$478; Bella Villino \$370 to \$455; Botanica \$582 to \$637; and Serenade \$280 to \$440. It should be noted that these were the rates for 2022. Pinestone is very competitive, while having an impressive amenities package and an excellent quality of life.
- The property insurance package increased in excess of \$79,000 for 2023. Our insurance agent gave us a list of 22 different insurance companies that refused to bid on our package. Either they could not compete with our carrier's price, they didn't like the joist masonry construction, or they were pulling out of Florida altogether. We have invited him to address the owners at the January board meeting. Our only other alternative would be to place our insurance with the state-run Citizens Insurance Company, which would be a nightmare.
- The budgets for the neighborhood reserves were tied to the reserve study done by Staebler Consulting. We will have another study done in 2023 to further improve on the study. Several categories that were combined in the past have been separated in order to project the proper remaining useful life of a line item, as well as to clearly establish the replacement cost. The best example was the separation of the asphalt replacement which has a long useful life from the sealcoating of the lot, which should be done every 3-5 years.
- Dan explained that preparing a budget is not an exact science. It is predicting what things will cost 18 months from now. There are other factors out of our control such as the availability of materials and competent contractors. Dan and Rick met with 5 different masonry contractors before finding one that actually showed up.
- For the building reserves, it was voted on at the October board meeting to defer the building painting rotation by one year. Florida Paints said our current paint has a seven year warranty, and next year would still be under the coverage. The deferral was also done to help

cover the big increase in painting costs from the past year, especially for the 6 buildings that were scheduled to be painted next year. It was also decided to use a new paint that comes with a ten year warranty during the next rotation. Prior budgets were based on prices from 2017 and increased by only 1% per year. The CPI during the summer was greater than 9% at one point. Florida Southern Roofing also provided current quotes for the roof replacements.

- Another issue to address in the future are the electric panels on all the buildings. The meter banks and disconnect switches are 22 to 27 years old, and many of the disconnect switch boxes are rusted out. Building 7 was replaced earlier this year and building 2 should be done in the near future. Building 10 will be the next building. There is a shortage of disconnect boxes, with a 40 to 60 week backlog. The fourth reserve is for the fire sprinkler system, which consists of the plumbing system for the sprinklers, and the electrical system for the fire panels used for monitoring and the alarms.
- Dan pointed out that the remaining life of Building 14 fire panel will be extended in 2024, since it was discovered that the panel was replaced in 2016. It was also mentioned that the useful life for the building roofs was changed to 20 years due to the insurance companies requiring them to be replaced between 15 to 20 years. Some of the building budgets went out with a 25 year useful life by mistake. This does not affect the amount of assessment being collected for next year's budget. The calculation for the payment is to take the updated replacement cost less the accumulated reserve, then divide that by the remaining years.
- Sandy Keir questioned why some of the neighborhood reserve line items had remaining useful lives change by more than one year from the 2022 budget. Dan responded that the reserves were tied to the reserve study whenever possible, explaining why some went up and others down. The pool resurface budget was dropped to one year after three different contractors recommended resurfacing be done as soon as possible to prevent the pool from leaking.
- She also questioned why there is \$40,000 budgeted for special projects, saying she was \$52,000 spent in 2022. Rick said the line item is needed to emergency repairs such as a sink hole, main break etc. The question was asked how the purchase of the pool chairs was funded. Rick said \$13,000 came from the interest reserve, and \$10,000 from special projects. A board vote by email approved the purchase of the chairs on July 12th. The vote was announced at the July board meeting. Bob Keir said emails should not be used for conducting board business.
- Julie Wallace asked where the data for actual expenses incurred is stored. Dan said it is on the accounting program of Progressive

Community Management, the neighborhood management company.

He said the audited year end financial statement for each year is available on the Pinestone website on the secured owner page. He reminded everyone that the password to access the owner page is ppr.

- She also asked if the Zoom meeting recordings were posted anywhere. They have never been posted. If anyone wants to find out information from a past board meeting, they should read the meeting minutes that are posted to the website after they have been approved by the board.
- The percentage increase in the insurance costs were 38% or \$79,000. Dan said that approximately \$77 of each unit's monthly assessment charges is to pay the insurance cost for the year.
- Dan said there were three main reasons for the increase in monthly assessments: the building reserve for paint, the building reserve for the roofs, and the insurance. The other costs were relatively stable. The reason some buildings increased more than others was due to the reserves, and how much time is left before having to paint or replace the roof. The amount of the increase will fluctuate from year to year and will balance itself out in the long run.
- The motion to approve the 2023 budget was made by Rick Pluese and second by Rocco Longo and was approved unanimously, and the 2023 budget was adopted.

Meeting adjourned: The motion to adjourn was made by Rick and seconded by Rocco and was passed unanimously. The meeting was adjourned at approximately 7:07 PM.