

AVELLINO ISLES CONDOMINIUM ASSOCIATION, INC. 2024 ANNUAL MEETING MINUTES HELD ON JANUARY 22 ,2024

Directors Present: Linda Cataldi, Ann Graham, Rob Horowitz, Rein Mannik, and Bill Mullins

Representing Gulf Breeze Management Services Inc.: Cathy Avenatti

CALL TO ORDER BY PRESENT

Linda Cataldi called the meeting to order at 3:00 pm.

CERTIFYING QUORUM

Cathy Avenatti certified that there were 111 proxies received and the minimum requirement was attained by presence either in person or proxy of at least 1/3 of the votes of the entire membership (66 were needed).

PROOF OF NOTICE OF MEETING

The meeting was properly notice and affidavits have been signed and filed per Florida Statutes.

READING AND DISPOSAL OF UNAPPROVED MINUTES

On a motion by and carried unanimously the Board approved the January 30, 2023, Annual meeting minutes.

REPORTS OF OFFICERS

Presidents Report

We started the year with our outstanding roof claim from Hurricane Irma. The year ended, and the claim with Florida Insurance Guaranty Association has been settled. December 18th, 2023 was a great day for Avellino. The legal process ended, and we had our money! FINALLY!

In 2023.....

We hired a new landscaping company, Juarez Landscaping, and a new property management company, Gulf Breeze. Safe Homes has taken over the cleaning of the buildings and Pure Water Pools has taken over the maintenance of the land fountains. All these changes have been very positive for the Avellino community.

In May, we received great news from our insurance committee chair, Brad West, and Dave Sumner, our insurance agent at Assured Partners. Citizens Insurance Company, an entity of the Florida Government, had finally agreed to insure our buildings. Citizens Insurance Company assists property owners in the state of Florida who are unable to find assistance in the private market w affordable insurance.

The board was in overdrive this year. With help from the Project Team, we went out to bid for Roofing and Painting Contracts. The roofing contract was awarded to Advanced Roofing. The painting contract was awarded to Elias Brothers. Homeowners also voted on new paint colors for the buildings.

This is my last meeting serving as your president. It has been my pleasure to "steer the Avellino ship".

So many people have helped me along the way starting with current and past boards, committee chairs, committee members and others who volunteered to help along the way just because. Thank you from the bottom of my heart.

Avellino would not be where we are today without the great volunteers who have stepped up to help. While I was steering the ship through all the legal issues with FIGA, Florida Insurance Guaranty Association, I realized that the board needed additional assistance. I asked Brad West, our Insurance Committee Chair, and Ed Cicone, our Governance Committee Chair for advice. Throughout the very long Irma insurance battle, the board was challenged many times with difficult decisions. Thank you, Brad, and Ed, for helping us out.

You will hear more about Avellino when the board and the committee chairs give their reports.

I have full confidence in the new board and wish them all the best in this coming year.

Treasurer Report

Balance Sheet

| | |
|--------------------------|---|
| Operating Account | 726,987 - (PrePaid Assess. of 399,350 & HO Equity - 304,305) |
| Roof Litigation | 125,000 - Remaining from 550.0 for 4+ years of roof repairs |
| Special Assessment | 240,164 - Will be carried over to 2024 operating budget (Int) |
| Total Operating | 1,092,151 |

Insurance Premium Special Assessment and Carryover

We were able to secure Insurance from Citizen's at our May 2023 annual renewal. As a result the lower insurance premiums created a full year budget opportunity of 236,991 from the Special Assessment Funds we collected on February 1st, 2023 of 2,150.00 per unit owner (425,700). These excess funds will be carried over into the 2024 budget to cover the projected 30% increase in insurance premiums resulting in no special assessment. Hopefully Citizen's will renew Avellino again in May and the increase will be within the projected budgeted increase for 2024

Income Report

Overall preliminary results show we will be 40,000 better than budget mostly as a result of work not started for drainage improvements and tree root remediation/paver repairs. This work is currently planned to be completed in first half of 2024.

Reserves

| | |
|------------------|----------------------|
| Roof Settlement | 6,557,160 (Interest) |
| Regular Reserves | 3,892,690 |
| Total | 10,449,851 |

Reserves Investment Portfolio Update

| | |
|------------|--|
| 6,557,160 | MM - 100% Treasuries (Govt. Backed) - 5.2% |
| 2,500,000 | MM - 100% Treasuries (Govt. Backed) - 5.2% |
| 940,000 | Longer Term CD's yielding 2.0% |
| 453,000 | First Horizon MM - 4.25% |
| 10,450,000 | Total |

87% of Portfolio - 9.1MM is earning 5.2%

13% of Portfolio - 1.4MM - reviewing options with Wells on lower yielding longer the term CD's

Roof Settlement/Project Financial Overview

| | |
|----------------|-----------|
| Settlement | 8,700,000 |
| Net after fees | 6,545,540 |

Projects (Estimated)

| | |
|-------------------------|---|
| Roof Replacement | 7,191,000 |
| Deficit needed reserves | 645,460 |
| Painting Project | 1,528,225 |
| Light Fixtures | 380,000 |
| Total Res. Funds | 2,553,685 |
| Net Reserves | 1,339,465 - Res. Funding/Expenditures for 2024 not included |

Reserve Study Update

The Last Reserve Study was performed in September of 2018. So, we scheduled the new study in October of 2023 assuming our roof settlement would be resolved.

We held the initial study results at a meeting in November with the Finance Committee, Key Committee Chairs and residents who attended to review the results. We obtained good feedback from everyone and now we are working on some follow up items and will complete the study in the March/April timeframe. The final results will be communicated at the Finance Committee meeting and then at a Board meeting.

The new reserve funding budget will be effective with the January 1, 2025 quarterly payment.

Mgt Co/Financial Conversion

- Worked closely with Gulf Breeze Team on Cambridge Financial Conversion successfully completing in a 3-month timeframe.

- Streamlined reporting by consolidating, relabeled and reduced GL codes by 25% to simplify expense invoice coding, processing and faster payment to vendors.

Vendor Contract Expense/Performance Mgt

We hired 5 new vendors, consolidated services with 2 better performing vendors and we renegotiated contracts with many vendors to reduce expenses while improving quality throughout Avellino Community. The turnover resulted in 7 vendor changes:

- 1) Alford Pest Control to Definitive Pest Control
- 2) Cambridge to Gulf Breeze - better quality and more efficient property manager and back office operating model (10)
- 3) Leo's Landscaping to Juarez Landscaping - expense savings on dead shrub removal and cost of new landscaping installations and sprinkler work (25)
- 4) Pelican Builder's to Safe Homes on Building Janitorial contract (18)
- 5) Pelican Builder's to Pure Water Pools on Land Fountain servicing - consolidated 3 vendors to one vendor.
- 6) Watermark and several other vendors to Gulf Breeze Maintenance services for faster response on work orders at reduced cost (10)
- 7) Pelican/Trafford /Safe Homes to BlastMaster's - (25)
- 8) Renegotiated Safe Homes Clubhouse Janitorial contract (8)

Overall, all of these changes have resulted in annual expense savings of approximately \$100,000 helping to offset inflationary and other operating cost improvements; Landscaping, tree trimming/fertilization, drainage/paver repairs and more timely much needed ongoing maintenance and repairs.

I want to thank the Board, Finance Committee, Gulf Breeze, Committee Chairs and all the volunteers for working together as a team to significantly improve the financial and operating performance of Avellino Isles in 2023.

It was an outstanding year for Avellino on all fronts!

Vice President Report

Much was accomplished this year. The ongoing roof and painting projects have finally come to fruition. We were able to get these projects done with no assessment to the community.

Secretary Report

The Advanced Roofing Contract will be signed by Advanced Roofing today. Avellino when then sign the Contract and the roof tiles will be ordered.

Update regarding the Elias Bros. painting contract. Brad West, our Avellino insurance expert, is working with Elias Bros. Insurance Broker to finalize a couple of insurance issues. Upon final review of the added insurance changes by Avellino and Elias Bros. the painting contract will be signed by both parties. We will have an update by the next Board meeting on January 29, 2024.

Karins Engineering will not manage the painting and roofing projects. However, we will use the project manual provided by Karins. Instead, we will meet with Socotec (an engineering firm) to review their proposal to manage both projects. We will also have an update regarding Socotec at our next Board Meeting on January 29, 2024.

Director Report

Rein Mannik spoke on his time on the board while living in Avellino.

COMMITTEE REPORTS

Landscaping Committee

The Landscape Committee is pleased to report continued progress in the refresh of the landscaping in front of our buildings. As previously noted, Juarez is doing 5 buildings at a time to ensure we follow our budget. Finally, the walkway to the BBQ/pool area has been completed with the installation of accent lighting along the walkway.

Clubhouse Complex/Safety

Clubhouse Complex: Overall, it has been a good year. No major mechanical system failures. We do have normal pool pump and lights maintenance and replaced a failing geothermal submersible pump. Pressure washing was completed twice on the pool deck and balustrade to remove palm trimming debris and mold. We identified four damage incidents in the clubhouse and at the entrance gates via the video surveillance system. We were reimbursed for all. Safehome Services have been doing a fine job keeping the clubhouse, pool, and grill area clean and neat.

Safety: No major issues; just the normal speeding and parking overnight on the street. Residents should be reminded to bring in all their lanai, balcony and any entrance where there is furniture and potted plants before they leave late spring.

Insurance Committee

The property insurance marketplace in the State of Florida in 2023 was very difficult with insurance company's continuing to leave the state. Avellino's February 2023 property, liability and crime insurance coverages renewed without a problem. The primary property policy renewing in May was a concern given the fact that the roofs were not replaced, and Avellino still had the open claim situation pending with FIGA. Our insurance broker, Dave Sumner, was instrumental in putting together a marketing plan to get Avellino out of the excess property insurance marketplace and get back into to voluntary insurance marketplace at much lower premiums. With the help of Rein Mannik who worked with Elias Brothers Roofing Company, a schedule of all repairs and maintenance to the Avellino roofs post IRMA was included in our renewal submission and submitted to the marketplace. With this clear picture of our roof's condition, Dave was able to get the Citizen's Insurance Company, the State of FL property insurance servicing provider, to quote the May property insurance renewal. The Citizen's quotation of \$391,901 was significantly less than our expiring premium of \$766,966 (the property premium for the 2021-2022 policy term was \$647,135). The caveat to the Citizen's policy is that the roofs must be fully replaced by the 5/1/2024 policy expiration date for Citizen's to renew for the 2024-2025 term. Dave had mentioned that if Citizen's did not quote the 2023 renewal our property insurance premium was going to renew in the \$2.8million range due to the current state of the Florida property insurance marketplace! The insurance committee and the board knew that it was highly unlikely that the roof's would be fully repaired by the expiration date based upon current conversations with our attorneys and FIGA. The coverage for 2023 was placed with the Citizen's Insurance Company effective 5/1/2023 and a marketing plan for the 2024 renewal was discussed based upon Citizen's position regarding the 2024 renewal. This concludes the insurance committed report for 2023.

Building and Grounds Committee

The committee has worked on/is working on

- The condition of the water shut off valve boxes on the outsides of all buildings.
 - They need cleaning out and upgrading. A recommendation will be made to the board next month.
- Documenting a list of regularly required maintenance items for Avellino to be managed by the B/G committee.
- Developing a charter (responsibilities, authority, and operating procedures) for the B/G committee to present to the new board for approval.
- Requesting a notice to go out to all owners referencing checking lanai frame for broken screws and frame detachments. Any owner that feels that their lanai frames are unsafe should notify Gulf Breeze for inspection and fixing.
- Keith Klintworth was assigned to help the McEvel's systematically test where their water leak was coming from and then arrange for appropriate repairs.
- All members met with Adrian Salinas, owner of Skeeters Maintenance, who does repairs at Avellino. The purpose was to assure that he was repairing the broken lanai frame anchoring screws correctly. He was doing it correctly.

Aesthetics Committee

- The committee reviewed the renderings from PK Design and Architects that show where all colors begin and end. These were approved with one modification to the clubhouse where one accent color was eliminated.
- Elias Bros. has been selected as the painting contractor to do the painting.
- Elias Bros, at the direction of the committee, painted a sample wall using all the colors to be used. All colors were accepted.

Governance Committee

The Governance Committee provides advice and offers opinions to the Board on various issues regarding the Bylaws and regulations governing Avellino. In the past, the Governance Committee weighed in on whether an issue is an amenity requiring homeowner approval or simply a rule change. The topics included gate locks, vehicles parked in driveways overnight, and the storage/use of generators.

For the past several months the Governance Committee has been meeting to review the consolidation of the four primary documents relating to Avellino Isles Condominium Association. Those documents are Rules and Regulations, the Articles of Incorporation filed with the state of Florida, the By-Laws, which sets up the corporation, and how it governs, and the Declaration of Condominium, which is the main document relating to the community, that, among other things, establishes the association, contains the use restrictions, the maintenance requirements, and defines the common elements. Over the years there's been many amendments and changes to these documents and the main purposes are to combine all the changes into four single documents as well as making them consistent with one another. Once accomplished, the homeowners will be able to easily access any one of the four above referenced documents by simply going to the website where all provisions of each of the four respective documents are found.

The committee has now accomplished these tasks and submitted the redrafted and consolidated versions of the four documents to the Board for review. It is anticipating that over the next couple of months Gulf Breeze Management and the association attorneys will put the documents in final form for presentation to the homeowners for ultimate approval.

Social Committee

There have been a number of events this season.

Planned for the remaining season: February 7, 2024 - Cocktails and Conversation; March 6, 2023 - Cocktails and Conversation; April 24 - End of Season Party; May 26, 2024 - Memorial Weekend Barbecue; February 21, 2024 Restaurant dinner TBA; March 20, 2024 Restaurant dinner TBA.

Looking for residents to assist

Communications Committee

Routine housekeeping.

- Reconciled Directory with Mgt Company list.
- Current Website Stats:
- 211 Records in the database.
- 206 Signed up for emails.
- 202 Signed up for Directory.
- 167 Signed up for Texts.
- 44 Opted out of Texts.
- Of the 44 opted out, 33 have no cell listed & cannot be opted in

Welcome Committee

Avellino Isles had 9 new families move in in 2023:

Russ and Ski Leonard in 4-301

Steve & Liz Hiorns in 16-301

Bob and Marlene Burris in 12-202

Barbara Goldenziel in 7-101

Jerry and Carolyn Tasker in 4-202

Laura and Fred Weber in 21-202

Elaine and Terry Scholes in 21-101

Stella Lowery has moved into unit 8-101 along with her daughter Kelly and son-in-law Mike.

Rick and Bonnie Courtney in 15-302

Sunshine Committee

In the interests of privacy, the committee does not report individuals' names of individuals supported.

In 2023 we have worked with:

- A family to deal with an emergency 911 call, travel issues and referral to home health care opportunities.
- A widow with travel issues.

The committee is seeking out single residents to make sure that they are aware of our capabilities and to be the first call in a non-911 situation.

Lake Committee

After years of problems maintaining the water level of the inner lake, an automatic timer was installed in February and the water level has been manageable ever since.

The main focus now will be a continuation of efforts to deal with the cane toad infestation. We have been pleased with the services of Pesky Varmints in trapping tadpoles and will be trying a new service to trap adult breeders when the weather warms up.

Superior Waterways continues to provide reasonable monthly lake monitoring and treatment for both the inner and outer lakes. Their latest monthly report is attached.

The lake fountains continue to be serviced by Architectural Fountains. There is a quarterly service and at that time any lights are to be replaced if not working and any other parts are to be given a quote to Avellino and approved prior to replacement or repair. If any owner sees a fountain in need of repair, please email Marla Knutson at mknutson0322@gmail.com as she will contact Architectural to make sure they will repair at their earliest availability.

NEW BUSINESS

Vote on IRS Revenue Ruling

Vote to elect IRS Revenue Ruling 70-604 to avoid taxation on any inadvertent excess member income for the tax year ending December 31, 2024. 98 voted IN FAVOR. 0 OPPOSED. 13 No Vote The matter on the proxy passed.

Vote on roll over of excess or deficit 2024 association fund

Vote on rollover of excess or deficit 2024 Association funds, if any, into the next fiscal operating budget.

98 voted IN FAVOR. 1 voted OPPOSED 12 No Vote The matter on the proxy passed.

Vote to temporarily borrow from reserves to cover immediate expenses in the event of an emergency such as a natural disaster.

98 voted IN FAVOR. 1 voted OPPOSED 12 No Vote The matter on the proxy passed.

ELECTION OF OFFICERS

Pursuant to Florida law, an election of the Directors of the Association is not required, since the number of persons wishing to run for the Board was less than or equal to the number of vacancies to be filled. There were 3 expiring Board Members and only one eligible member of the community submitted their intent to run for the Board of Directors. The Member who submitted their intent to run for the Board of Directors is automatically placed on the board. Accordingly, the Board members who will serve the remainder of their two (2) year term expiring in 2025 are Ann Graham, and Rob Horowitz. Bill Mullins will be seated on the Board for a two-year term expiring 2026. There are two remaining vacancies that will serve a two-year term expiring 2026.

ADJOURNMENT

A motion was made to adjourn the meeting at 4:06PM. All were in favor and the meeting was adjourned.

Cathy Avenatti, CAM, Property Manager
Avellino Isles Condominium Association, Inc.