



Ultimar Three Condominium Association Inc.  
1560 Gulf Blvd. Clearwater, Florida 33767

U3 Board Meeting Minutes- 11 December 2021

The meeting was called to order at 0900 hrs by Board President Said Gabriel. The meeting was held in person and via Zoom conference call. Mr. Reily indicated that proof of meeting notice was properly posted.

**The following Board members were in attendance:**

Said Gabriel,  
Rick Coté,  
Sergei Shishkin (ZOOM),  
Larry Hallas

The minutes of the 30 October 2021 meeting were presented, and they were approved unanimously.

## 2022 BUDGET PROPOSAL

Mr. Shishkin presented the 2021 forecast for January-October and the budget proposal for 2022. The income in 2022 is estimated at \$990,773 or 5.7% more than the forecast for 2021 as a result of 4% regular dues increase and for the new Internet contract costs (\$24,000).

Our expenses for 2022 are budgeted at \$1,030,278 which is 8.1% higher than 2021. This is due to rising inflation (predicted at 2-3%) and the rising cost of insurance (predicted to rise by 20% for Property and Wind coverage and for General Liability). Utilities may rise by 11% over 2021 forecast due to the new Internet contract but this increase is offset by the dues increase approved by owners in August).

Overall, our 2022 budget estimate shows a deficit of \$39,505 that can be covered from our prior years' surpluses if approved by the owners at the annual meeting. The accumulated prior year surpluses or owners equity total \$224,507.

Annual contribution to the Reserve Fund in 2022 will increase by 2% (\$286,770), as recommended by the Reserve Study independent consultant, while the expenditures are estimated at \$385,000. The balance of the Reserve Fund at the end of 2022 is estimated at \$1.4 million which is sufficient to cover the costs of all planned projects.

### **Operational Budget (\$ thousands)**

|                                     | 2021<br>(forecast) | 2022 Proposed<br>Budget |
|-------------------------------------|--------------------|-------------------------|
| <b>Income</b>                       | 937.9              | 990.8                   |
| <b>Expenditures</b>                 |                    |                         |
| Administration, Payroll, & Benefits | 150.3              | 152.8                   |
| Insurance                           | 168.2              | 197.8                   |
| Utilities                           | 215.4              | 238.9                   |
| Contracted Services                 | 85.4               | 88.1                    |
| Repairs and Maintenance             | 32.3               | 37.4                    |
| Professional Services               | 18.8               | 23.4                    |
| Reserve Fund Contribution           | 282.7              | 286.8                   |
| <b>Total Expenditures</b>           | 953.1              | 1,030.3                 |
| Surplus/(Deficit)                   | (15.1)             | (39.5)                  |
| Prior year surplus                  | -0-                |                         |

**MOTION:** Approve the 2022 budget as presented, including a 4% dues increase and utilization of prior years' accumulated reserve to cover any 2022 deficit

The motion was seconded and opened for discussion with unit owners. Several owners wanted to discuss issues with running deficits, use of owner's equity to fund those deficits, a previous decision on the water softener system, and specific line-item funding.

**ACTION:** After answering owner questions, the Board unanimously voted in favor of the motion. **NOTE: Attached to these Minutes is a PDF summary of the Approved Budget along with Reserve Planning and Cash Flow.**

## **WORKING ENVIRONMENT UPDATE**

Mr. Coté reported that educational material addressing behavioral issues was sent to the unit owners involved. Unfortunately, troubling new letters were sent out by three owners that were running for the 2022 Board along with a scurrilous anonymous letter harassing other owners and mocking the initiative established at the October meeting.

The board felt we needed to address the issue more aggressively.

**MOTION:** Beginning in 2022 and in subsequent years, the Ultimar 3 Board will require an annual written report that documents the state of the current working environment and outlines improvements or deficits that need correcting. This report should be completed each year prior to the board election meeting"

The motion was seconded and opened for discussion with unit owners. Owners wondered if an independent committee was necessary, if bylaws needed to be reviewed, and how possible disputes should be resolved.

**ACTION:** After answering owner questions, the Board unanimously voted in favor of the motion.

**MOTION:** The Board should implement a policy that unit owners given formal notice of behavior issues not allowed to interact with employees or volunteer board members for 6 months unless in an approved supervised manner. This will be effective immediately for current formally notified unit owners through the end of May 2022.

The motion was seconded and opened for discussion with unit owners. Several owners expressed reservations on how this would work (e.g., applying such a policy retroactively, and a procedure for challenging the penalty).

**ACTION:** After listening to the owner responses, the motion was withdrawn.

## **COMMUNICATION UPDATE –**

Mr. Hallas briefly reviewed the first year of the committee, progress made and priorities for 2022. He then introduced Ian Koenig who provided detail on the upgraded Ultimar 3 website, both the public side and the private owner login options. He emphasized the owner side would be safe and secure, providing ready access to both Association documents along with the ability to contact fellow owners (if they chose to opt in contact information).

## **REMODELING UPDATE –**

At the 30 October board meeting, Mmes Crisp and Foulds read their written statements as to their concerns on how the remodeling committee had been run and progressed since its inception. The co-chairs (Messrs. Shishkin and Hallas) requested time to research and reply to those statements. Mr. Shishkin then presented a detailed response that refuted those concerns. Copies of both statements are available in the manager's office for those owners interested in the details.

## **INFRASTRUCTURE UPDATE –**

Mr. Reily gave updates on engineering bids for both the structural and glass tower review. He also answered several questions from the Board (and from the owners in open session) about the U3 generator.

**MOTION:** The Board approves entering contracts with engineering firms recommended by Mr. Reily, after such proposals are submitted to the Board for review and no dissenting opinions received within 4 days. The board realizes each engineering study may cost between \$10,000 and \$25,000

**ACTION:** After answering owner questions, the Board unanimously voted in favor of the motion.

**MOTION:** The following motion was made by Rick Coté: Establish a U3 Structural assessment and corrective action committee. We select Said Gabriel to chair this committee based on his extensive professional engineering expertise and ask that he staff the committee with volunteers that bring the desired expertise to this initiative. Our building manager (Mr. Reily) is designated a committee member as he has extensive experience with our building infrastructure.

The committee scope will encompass a review of a professional engineer's assessment and corrective actions/options report for a) the U3 building structure, b) the U3 decorative roof top glass towers and c) to review and assess the HOA engineering report regarding the common areas attached or connected to the U3 building and provide their recommendations and/or suggestions to the board.

The committee, if deemed appropriate, can recommend to the board the desire to hire an engineer to perform a U3 independent review of the common areas attached or connected to the U3 building. The board authorizes Mr. Gabriel to work with Mr. Reilly to finalize the engineering contracts for the board's approval (by email) hopefully before year end. Since we have multiple existing engineering offers, price should not be the primary decision factor. Expertise and availability are very important factors. It is also vitally important that the "root cause" of any damage be determined and rectified prior to repairs implemented.

The committee will also keep an open line of communication with the other two Ultimar buildings and the HOA as they embark on similar endeavors.

**ACTION:** After answering owner questions, the Board unanimously voted in favor of the motion.

## **2022 PRIORITIES**

Mr. Said and outlined ongoing and projects for next year. They are presented here, displayed on the association bulletin board, and copies are available in the manager's office:

### **ONGOING:**

- Continue emphasizing Communication with unit owners
- 2021 Financial audit & issuance of financial statements by February 22, 2022
- Continued fire system work - sprinkler system and in unit corrective actions as per 11/21 independent analysis
- Continued discussions with Otis elevator regarding future potential options and plans (2025 new system installation)
- Normal ongoing maintenance on all mechanicals
- Monitor work environment cure initiative
- Website Optimization (including a streaming Webcam)

## 2022 PRIORITIES (continued)

### PROJECTS:

- Structural engineer study and corrective actions
- Glass tower engineer study and next steps
- A/C system intake louvre installation
- Remodeling phase 1 implementation
- Government future regulation analysis and proposed options (fire system controllers including phone and elevator)
- Update Reserve Study Plan by June 2022
- Gym remodeling
- Exterior railing paint analysis and potential testing
- Prepare U3 delineation project analysis
- Initiate U3 (hopefully full Ultimar complex) electric vehicle charging study
- Position paper on existing/alternative lightning deterrent system with options

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## OPEN DISCUSSION WITH OWNERS

We have received several questions from unit owners that we would like to address. We thank you for sending questions prior to our meetings as it helps in our preparations.

### 1. Question about Reserve Study prepared by independent third party consultant.

“The Board appears to have a fundamentally mistaken view of our reserves. Reserves are to provide for the replacement and deferred maintenance of substantial capital acquisitions made by the association. They are not meant to be manipulated to reduce the amount of money available to fund a remodel project. Adjustments to reserves may only be made to reflect changes in the expected replacement costs for an asset or for the deferred maintenance expense for the same. Under 618-22.006, F.A.C. the board is under the obligation in its financial reports to disclose how reserve items are estimated, and the date the estimates were last made. The Board’s latest financial statements do not disclose this information in violation of statutory requirements. The Board has made many changes to estimated replacement costs and for the useful lives of our capital assets without any supporting documentation. Please provide documented support for the changes made.”

**Overall answer** - At our April and June board meetings we discussed at length the substantial amount of time we spent with our independent consultant understanding the philosophy, principles, rules and regulations around the Reserve Study. The consultant was quite clear that the association has very little opportunity to change the estimated lives and replacement costs for any mechanical items. The association can only change the projected \$ amount for mechanicals based on third party estimates. The association does have some flexibility in the timing and values for discretionary investments. Thus, we can change the assumptions for remodeling projects based on current and approved plans.

The 2021 study (received prior to the 2020 budget approval) had some unrealistic assumptions regarding the remodeling project, which suggested the 2021 reserve study be funded at \$326,000 vs \$281,000 (16% increase). Therefore, unit owners voted to fund the reserve study at the \$281,000 level. This is one of the reasons Said initiated a review of our financial plans for 2022 and forward. For the 2022 study we changed the remodeling estimates to be more realistic, while also increasing reserve levels for the glass tower maintenance.

## 2. Here are some specific questions:

“Why did the current cost for Interior Renovations decrease by over \$278k between the 2022 and 2021 reserve studies?”

**Answer** –The amounts in the 2021 study were unrealistic, have not been approved by members and are not expected to be spent at that level.

### INTERIOR REMODELING STUDY (\$)

| AREA           | 2021    | 2022    |
|----------------|---------|---------|
| Phase ONE      | 253,400 | 370,000 |
| Exercise Room  | 92,000  | 63,000  |
| Locker Rooms   | 305,200 | 76,000  |
| Post Phase ONE | 165,400 | 75,000  |
| <b>TOTAL-</b>  | 816,000 | 584,000 |

Note: 2020 Interior Remodeling Placeholder total was \$605,000

“Please explain the changes in Useful Life and Remaining Life for elements of Interior Decorations between the 2022 and 2021 reserve studies.”

**Answer** - We haven't spent anything of substance as we keep delaying the project to reflect a more realistic timetable. Phase 1 is now planned for most of the spending in 2022 and being finished in 2023. The gym, which is not even approved, is planned for 2023 and 2024. As plans and approvals by unit owners are firmed up, we will revise the investment amounts and dates accordingly.

### 2022 CAPITAL RESERVE STUDY (\$ in 000's)

| ITEM                              | 2022  | 2023  | 2024  | 2025    | 2026    |
|-----------------------------------|-------|-------|-------|---------|---------|
| Remodeling                        | 370.0 | 20.6  | 56.9  | -0-     | 27.9    |
| Fire Sprinkler                    | 15.0  | 15.5  | 15.9  | 12.8    | -0-     |
| Glass Block Tower                 | -0-   | -0-   | -0-   | 136.6   | -0-     |
| Elevators                         | -0-   | -0-   | -0-   | 1,120.3 | -0-     |
| Exterior Painting                 | -0-   | -0-   | -0-   | -0-     | 1,018.0 |
| Small Projects                    | -0-   | 17.7  | -0-   | 52.6    | 32.3    |
| <b>Total Planned Spend</b>        | 385.0 | 53.8  | 72.8  | 1,322.3 | 1,078.1 |
| <b>Total Planned Contribution</b> | 286.8 | 295.4 | 304.2 | 334.0   | 322.8   |
| <b>Cash Estimate 12/21</b>        |       |       |       |         | 1,400.0 |

**“Why did the Remaining Life of the items under Elevators not change between the 2022 and 2021 reserve studies? Are you arbitrarily changing lives of mechanical equipment?”**

**Answer** –The association is not allowed to change lives of mechanical equipment unless they provide documentation that an independent third-party consultant agrees with. We have not requested any change in mechanical equipment lives. We did previously reply that the consultant made a mistake in the 2021 report as you can see from this chart. Also, you can see that we are funding for over \$1 million in 2025.

**Elevator Modernization**

| STUDY | PLANNED FUNDS | USEFUL LIFE | REMAINING LIFE |
|-------|---------------|-------------|----------------|
| 2020  | \$936,828     | 30          | 6              |
| 2021  | \$1,031,534   | 30          | 4*             |
| 2022  | \$1,057,532   | 30          | 4              |

Data from Druex Issac & Associates (DIA), Official Reserve Study

\* Error confirmed by DIA. Should have been 5 years

**“Please explain why under Exterior Components did the Useful Life for the Glass Block Tower increase to 30 from 10 years between the 2022 and 2021 reserve studies? And for the same component why did the Remaining Life expand to 4 years from 1 year in the same reserve studies?”**

**Answer :** In the 2020 and prior year studies we did not have any money identified for the glass towers. In the 2021 Study we requested a maintenance amount of \$25,000, and the independent third-party consultant gave it a 10 year period and expected it to be spent in the next year. In the 2022 study we asked to increase the amount to \$136,000 and with such a significant amount the consultant assumed this to be a capital improvement and gave it a 30 year life. These determinations were made by the consultant not the Association.

The key is that we went from not having the glass towers as a maintenance or Capital expenditure item to funding \$136,000 in the 2022 study for 2025. If we need to accelerate the spending we will do so, and the reserve study for 2023 will reflect those projections and plans, if required.

**GLASS TOWER**

| STUDY | PLANNED FUNDS | USEFUL LIFE | REMAINING LIFE |
|-------|---------------|-------------|----------------|
| 2020  | \$0           | 0           | 0              |
| 2021  | \$25,000*     | 10          | 1              |
| 2022  | \$136,591     | 30          | 4              |

Data from Druex Issac & Associates, Official Reserve Study

\* 2021 funds for minor repairs

**8-year trend.** This is an 8-year dues and reserve investment changes. We have had limited dues increases while continually investing in our reserve fund for maintenance and Capital replacement. Over the 8-year period we have increased dues 10% compared to a 43% increase in our annual contribution to the reserve. Dues have gone up \$90,000 and reserve funding has gone up \$86,000.

### U3 8-Year FINANCIAL TREND (\$ in 000's)

| Period | Dues  | Δ% | Reserve Contribution | Δ%  |
|--------|-------|----|----------------------|-----|
| 2022B  | 989.0 | 4% | 286.8                | 2%  |
| 2021F  | 935.8 | 2% | 281.2                | 0%  |
| 2020   | 909.6 | 0% | 281.2                | 14% |
| 2019   | 909.6 | 4% | 247.3                | 0%  |
| 2018   | 874.7 | 0% | 247.3                | 2%  |
| 2017   | 874.7 | 0% | 242.5                | 2%  |
| 2016   | 874.7 | 0% | 237.7                | 3%  |
| 2015   | 874.7 | 0% | 229.8                | 14% |
| 2014   | 874.7 | -- | 200.7                | --  |

\*Excludes internet contract dues change as unit owner payment has shifted from Spectrum to the Association, resulting in a net decreased in overall cost the majority of unit owners.

### 3. Voter Certifications requirements not followed by associations' boards

“Voting certificates are official records that the association shall maintain. Under our Bylaws, units owned by unnatural persons must maintain a voting certificate on file with the association. In the absence of one, the vote attributable to such Unit shall not be considered in determining whether a quorum is present, nor for any other purpose, and the total number of authorized votes in the Association shall be reduced accordingly until such certificate is filed. The Board has responded that it does not use certificates. How has the Board handled votes submitted on behalf of units owned by unnatural persons in the past and how does the Board plan to treat such votes at the upcoming annual owners meeting? “

**Answer:** It is important to note that the bylaws say nothing about unnatural persons or any legal entity other than a corporation. Thus, we are not required by our bylaws to obtain voter certificates from Trusts, partnerships, limited liability companies, etc. If members want this done in the future, they will need to amend the bylaws. The bylaws do state that if a required voter certification is not received that vote can't be counted.

The association has never requested voter certificates. Thus, there is legal precedent and accordingly we would not need voter certificates to have a valid quorum and vote. People voting are known by Rocky and the board can presume those voting have such authority absent prior knowledge.

However, to be totally protected, we did request voter certificates from Corporation owners as required by the bylaws.

#### 4. Questioning of Rules and Regulations. “Board seems to make them up”

**Answer** - We have 3 types of items that constitute the associations policies

1. **Rules and Regulations.** This would comprise all items filed with Pinellas County such as U3 by-laws and articles of incorporation
2. **Principles.** These would be policies approved by the board of directors in board minutes but not filed with Pinellas County
3. **Practices.** No formal approval but generally accepted practices by residents approved by building manager

If residents want to do something with the association, they generally ask Rocky beforehand. This allows for flexibility and to adopt principles and policies accommodating the times and environment. The association does not focus on formality and penalties to enforce operations, but rather have the building manager deal with unit owner issues as they arise. If serious and unit owner continues with nonconformance, the building manager will ask the board to take action. This has been a very successful approach over the last 15+ years and provides for a very casual and enjoyable environment by our unit owners.

**EXAMPLE ONE:** A unit owner decided to put a solicitation on each unit owner’s door. Since the building doesn’t have a sign in our building prohibiting solicitation and written rules or regulations filed with Pinellas County, the association can’t stop a resident from putting solicitations on unit owners doors.

**BOARD RESPONSE** – This would fall under **Practices** noted above. The reason solicitations are not allowed is because unit owners don’t like them and complain whenever it happens. It is also a security risk - unit owners not home for a length of time don’t want solicitations on their doors indicating their unit is unoccupied.

**EXAMPLE TWO:** “On November 12<sup>th</sup>, certain owners received a letter notifying them of violations of the ‘Implement a workplace attitude cure program’ adopted by the Board. A review of building minutes for the last 4 years reveals no discussion, let alone adoption of such a program. A review of rules and regulations also make no mention of such a program.”

**BOARD RESPONSE** - At the October 30th Board meeting, time was spent discussing an unacceptable workplace environment caused by a few unit owners. The Board formally adopted a program to address and rectify this issue. At that Board meeting, a motion was adopted to address this issue. This would fall under **Principles** noted above.

**EXAMPLE THREE:** “On an October 20<sup>th</sup> information request, the Board tried to limit members from filing additional records request by referencing a rule limiting requests from members to no more than once a month. Upon review there is no such restriction in our rules and regulations filed with Pinellas County.”

**BOARD RESPONSE** - The associations Board in December 2011 approved the following:

“Mr. Da Costa made a motion to adopt the rules regarding access to association records, and the rules would be: access would be restricted to viewing once per month for eight hours; the person requesting would have to describe the records desired in order to accurately identify them; pertinent dates or time periods must be specified; the secretary shall, with his or her sole discretion determine what constitutes a record for these purposes; the charge will be 25 cents per page; a records request form will be adopted based on the rules drafted by Mr. Reily. The motion was seconded and, without any further discussion, passed unanimously.”

This would fall under **Principles** noted above.

## ADJOURNMENT

With no other topics for discussion this section of the meeting was adjourned at 13:28pm

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Ultimar III 2022 Budget (approved by the Board 12/XX/21)

| Description                             | GL Account | 2020             | 2021             | 2021                  | 2021             | 2022               |   |
|---|------------|------------------|------------------|-----------------------|------------------|--------------------|---|
|   |            | Actual           | Budget           | Actual<br>(Jan.-Oct.) | Forecast         | Proposal           |   |
| <b>INCOME</b>                           |            |                  |                  |                       |                  |                    |   |
| Membership Dues                         | 4070       | \$909,646        | \$927,839        | \$777,208             | \$935,839        | \$988,953          | 4% dues increase plus new Internet contract |
| Miscellaneous Income                    | 4295       | \$400            | \$500            | \$300                 | \$500            | \$500              |   |
| Insurance Reimbursement                 | 4300       | \$159            | \$0              | \$80                  | \$80             | \$0                |   |
| Interest Earned - Operating Accts       | 4900       | \$17             | \$20             | \$21                  | \$20             | \$20               |   |
| Interest Earned - Reserve Accts         | 4910       | \$5,704          | \$2,000          | \$962                 | \$1,500          | \$1,300            |   |
| <b>Total Income</b>                     |            | <b>\$915,926</b> | <b>\$930,359</b> | <b>\$778,571</b>      | <b>\$937,939</b> | <b>\$990,773</b>   |   |
| <b>EXPENSES</b>                         |            |                  |                  |                       |                  |                    |   |
| <b>Administration</b>                   | 5150-5260  | \$6,037          | \$3,700          | \$3,171               | \$3,700          | \$3,700            |   |
| <b>Payroll &amp; Benefits</b>           |            |                  |                  |                       |                  |                    |   |
| Salaries                                | 5300       | \$120,455        | \$133,350        | \$102,875             | \$133,350        | \$137,351          | 3% rise                                     |
| Casual Labor                            | 5322       | \$0              | \$500            | \$0                   | \$500            | \$500              |   |
| Payroll Taxes                           | 5340       | \$9,314          | \$10,240         | \$8,017               | \$10,240         | \$11,990           | 3% rise                                     |
| Workers Compensation                    | 5390       | \$250            | \$2,498          | \$2,498               | \$2,498          | \$3,000            | 20% rise                                    |
|   |            | \$130,019        | \$146,588        | \$113,390             | \$146,588        | \$152,841          |   |
| <b>Insurance</b>                        |            |                  |                  |                       |                  |                    |   |
| General Liability (plus Crime & Surety) | 5400       | \$23,768         | \$14,575         | \$12,145              | \$14,575         | \$17,490           | 20% rise                                    |
| Flood                                   | 5435       | \$13,680         | \$14,700         | \$10,586              | \$12,710         | \$10,500           | 10% increase for Sept.-Dec.                 |
| Property & Wind (plus Equipment)        | 5460       | \$110,262        | \$140,899        | \$117,415             | \$140,899        | \$169,786          | 20% rise                                    |
|   |            | \$147,710        | \$170,174        | \$140,146             | \$168,184        | \$197,776          |   |
| <b>Utilities</b>                        |            |                  |                  |                       |                  |                    |   |
| Electric Service                        | 6000       | \$51,010         | \$69,800         | \$39,272              | \$45,500         | \$46,400           | 2% rise                                     |
| Water/Sewer/Trash                       | 6025       | \$117,870        | \$113,500        | \$97,132              | \$116,582        | \$118,900          | 2% rise                                     |
| Cable Service (Spectrum)                | 6045       | \$44,671         | \$43,500         | \$43,141              | \$49,387         | \$69,600           | New contract, plus taxes                    |
| Telephone Service                       | 6050       | \$3,983          | \$3,950          | \$3,503               | \$3,950          | \$4,030            | 2% rise                                     |
|   |            | \$217,534        | \$230,750        | \$183,048             | \$215,419        | \$238,930          |   |
| <b>Contracted Services</b>              |            |                  |                  |                       |                  |                    |   |
| Emergency Phones Monitoring             | 5050       | \$1,971          | \$1,500          | \$1,533               | \$2,300          | \$2,300            |   |
| Web & Hosting Support                   | 5115       | \$1,100          | \$4,100          | \$1,257               | \$4,100          | \$4,200            | 2% rise                                     |
| Fire Sprinkler Inspection               | 6299       | \$1,440          | \$1,440          | \$0                   | \$1,440          | \$1,440            |   |
| Elevator Service Contract               | 6408       | \$37,146         | \$40,000         | \$39,336              | \$49,528         | \$52,000           | 5% rise                                     |
| Elevator Inspection                     | 6410       | \$0              | \$1,300          | \$1,200               | \$1,300          | \$1,300            |   |
| Air Conditioning Service                | 6422       | \$4,988          | \$6,650          | \$3,325               | \$6,650          | \$6,650            |   |
| Pest Control                            | 6434       | \$2,300          | \$2,544          | \$1,684               | \$2,544          | \$2,600            | 2% rise                                     |
| Window Cleaning Services                | 6446       | \$4,800          | \$7,200          | \$2,500               | \$7,200          | \$7,340            | 2% rise                                     |
| Fire System Inspection                  | 6570       | \$0              | \$3,356          | \$3,592               | \$3,356          | \$3,356            |   |
| Fire System Maintenance                 | 6571       | \$0              | \$2,000          | \$0                   | \$2,000          | \$2,000            |   |
| Fire Alarm Monitoring                   | 6565       | \$0              | \$450            | \$385                 | \$450            | \$450              |   |
| Cleaning Services                       | 6575       | \$3,475          | \$2,000          | \$0                   | \$2,000          | \$2,000            |   |
| Generator Servicing                     | 6605       | \$2,446          | \$2,500          | \$2,446               | \$2,500          | \$2,500            |   |
|   |            | \$59,666         | \$75,040         | \$57,258              | \$85,368         | \$88,136           |   |
| <b>Repair &amp; Maintenance</b>         |            |                  |                  |                       |                  |                    |   |
| Small Capital Improvements              | 6402       | \$0              | \$3,000          | \$0                   | \$3,000          | \$3,000            |   |
| Building Repair & Maintenance           | 6515       | \$12,844         | \$14,000         | \$4,657               | \$6,000          | \$10,000           | Closer to usual level                       |
| Generator Fuel                          | 6610       | \$516            | \$500            | \$0                   | \$500            | \$500              |   |
| Building Maintenance Supplies           | 6635       | \$14,596         | \$13,000         | \$7,297               | \$13,000         | \$13,000           |   |
| Disaster Recovery                       | 6640       | \$0              | \$4,000          | \$0                   | \$4,000          | \$5,000            |   |
| Water Softener/Salt                     | 6310       | \$8,685          | \$7,300          | \$4,747               | \$5,800          | \$5,900            | 2% rise                                     |
|   |            | \$36,641         | \$41,800         | \$16,701              | \$32,300         | \$37,400           |   |
| <b>Professional Services</b>            |            |                  |                  |                       |                  |                    |   |
| Audit and Tax Return                    | 7000       | \$0              | \$3,500          | \$4,200               | \$4,200          | \$4,575            | Tax preparation                             |
| Professional Adjuster                   | 7005       | \$0              | \$315            | \$0                   | \$315            | \$350              |   |
| Other Professional Fees                 | 7010       | \$4,674          | \$3,000          | \$625                 | \$3,000          | \$3,000            |   |
| Accounting Fees                         | 7015       | \$5,709          | \$6,336          | \$3,668               | \$6,336          | \$6,500            | 3% rise                                     |
| Legal Fees                              | 7020       | \$0              | \$3,000          | \$0                   | \$5,000          | \$9,000            | Special project                             |
|   |            | \$10,383         | \$16,151         | \$8,493               | \$18,851         | \$23,425           |   |
| <b>Reserve Pool</b>                     |            |                  |                  |                       |                  |                    |   |
| Reserve Contribution                    | 9800       | \$281,172        | \$281,167        | \$234,300             | \$281,167        | \$286,770          |   |
| Reserve Interest Allocation             | 9966       | \$5,704          | \$2,000          | \$962                 | \$1,500          | \$1,300            |   |
|   |            | \$286,876        | \$283,167        | \$235,262             | \$282,667        | \$288,070          |   |
| <b>Total Expenses</b>                   |            | <b>\$894,866</b> | <b>\$967,370</b> | <b>\$757,469</b>      | <b>\$953,077</b> | <b>\$1,030,278</b> |   |
| <b>Net Surplus/(Loss)</b>               |            | <b>\$21,060</b>  | <b>-\$37,011</b> | <b>\$21,102</b>       | <b>-\$15,138</b> | <b>-\$39,505</b>   |   |
| Prior Year Surplus                      | 4815       | \$39,014         | \$21,060         |                       |                  |                    |   |
| Owners Equity                           |            |                  |                  | \$224,507             |                  |                    |   |

**Ultimar III Condominium Association  
Reserve Planning**

|                                       | 2020<br>Actual   | 2021<br>Forecast | 2022               |                 |                 |                    | 2026<br>Plan       |
|---------------------------------------|------------------|------------------|--------------------|-----------------|-----------------|--------------------|--------------------|
|                                       |                  |                  | Proposed<br>Budget | 2023<br>Plan    | 2024<br>Plan    | 2025<br>Plan       |                    |
| <b>Major Projects</b>                 |                  |                  |                    |                 |                 |                    |                    |
| Air Conditioning System               | \$5,535          | \$2,513          |                    |                 |                 |                    | \$1,017,924        |
| Exterior Painting                     | \$4,137          | \$35,000         | \$370,000          | \$20,595        | \$54,635        | \$5,246            | \$27,916           |
| Interior Remodeling                   | \$108,224        |                  |                    |                 |                 |                    |                    |
| Roof                                  |                  |                  |                    |                 |                 |                    |                    |
| Elevators' Modernization              |                  |                  |                    |                 | \$1,120,268     |                    |                    |
| Fire Code System Upgrade              |                  |                  |                    |                 |                 |                    |                    |
| <b>Other Planned Reserve Projects</b> |                  |                  |                    |                 |                 |                    |                    |
| Fire Extinguishers                    | \$1,862          |                  |                    |                 |                 | \$3,005            |                    |
| Shopping carts                        | \$749            |                  |                    |                 |                 |                    |                    |
| Jacuzzi Heater                        |                  |                  |                    |                 |                 |                    | \$5,240            |
| Generatc Doors Automatic Entry        |                  |                  |                    |                 |                 |                    |                    |
| Skylights (exercise room)             |                  |                  |                    | \$3,872         |                 |                    |                    |
| Fire Sprinkle System                  | \$2,210          |                  | \$15,000           | \$15,450        | \$15,913        | \$12,840           |                    |
| Generator Deferred Maintenance        |                  | \$12,000         |                    |                 |                 |                    |                    |
| Glass Block Tower Refurbishment       |                  | \$20,000         |                    |                 |                 | \$136,591          |                    |
| Doors External Common Areas           |                  | \$2,513          |                    | \$2,060         |                 | \$2,185            | \$8,983            |
| Elevator Deferred Maintenance         |                  |                  |                    |                 |                 |                    | \$14,933           |
| Steam Bath Generator                  | \$877            |                  |                    |                 |                 |                    |                    |
| Office Equipment                      | \$840            |                  |                    |                 |                 |                    |                    |
| Office Furniture                      |                  |                  |                    |                 |                 |                    |                    |
| Window Tinting - 20%                  |                  |                  |                    | \$10,300        |                 |                    |                    |
| Sauna Control                         |                  |                  |                    |                 | \$2,356         |                    |                    |
| Platform Truck                        |                  |                  |                    |                 |                 | \$2,242            |                    |
| Water Booster Pump                    |                  |                  |                    |                 |                 | \$39,964           | \$3,139            |
| Water Heater                          |                  |                  |                    | \$1,545         |                 |                    |                    |
| Trash Chute Intake Doors              |                  |                  |                    |                 |                 |                    |                    |
| Other unplanned projects              | \$158            | \$3,803          |                    |                 |                 |                    |                    |
| <b>Total</b>                          | <b>\$124,592</b> | <b>\$75,829</b>  | <b>\$385,000</b>   | <b>\$53,822</b> | <b>\$72,904</b> | <b>\$1,322,341</b> | <b>\$1,078,135</b> |

| Reserve Cash Flow          | 2020               | 2021               | 2022               | 2023               | 2024               | 2025               | 2026             |
|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|                            | Actual             | Forecast           | Proposed Budget    | Plan               | Plan               | Plan               | Plan             |
| <b>Beginning Balance</b>   | <b>\$1,042,248</b> | <b>\$1,204,532</b> | <b>\$1,411,370</b> | <b>\$1,319,852</b> | <b>\$1,573,333</b> | <b>\$1,823,003</b> | <b>\$824,565</b> |
| Reserve from Assessments   | \$281,172          | \$281,167          | \$286,770          | \$295,373          | \$304,234          | \$313,361          | \$322,763        |
| Reserve Disbursements      | \$124,592          | \$75,829           | \$385,000          | \$53,822           | \$72,904           | \$1,322,341        | \$1,078,135      |
| Interest from Reserve Fund | \$5,704            | \$1,500            | \$6,712            | \$11,930           | \$18,340           | \$10,542           | \$1,478          |
| <b>Ending Balance</b>      | <b>\$1,204,532</b> | <b>\$1,411,370</b> | <b>\$1,319,852</b> | <b>\$1,573,333</b> | <b>\$1,823,003</b> | <b>\$824,565</b>   | <b>\$70,571</b>  |

**Plan Summary**

|                             | Current Cost       | Useful Life (years) | Remaining Life (years) |
|-----------------------------|--------------------|---------------------|------------------------|
| Mechanical & Electrical     | \$171,810          | 15                  | 13                     |
| Furniture & Fixtures        | \$2,052            | 5                   | 4                      |
| A/C System                  | \$114,621          | 15                  | 13                     |
| Elevators                   | \$1,025,204        | 15-30               | 4                      |
| Equipment, Other            | \$305,730          | 5-35                | 2-10                   |
| Exterior Components         | \$284,387          | 2-30                | 2-15                   |
| Fire Systems                | \$416,874          | 9-40                | 1-18                   |
| Fitness Equipment           | \$52,000           | 10-18               | 6-9                    |
| Interior Renovation         | \$618,551          | 8-24                | 1-13                   |
| Major Electrical & Plumbing | \$640,800          | 4-45                | 14-19                  |
| Painting, Exterior          | \$1,044,181        | 8-30                | 5-17                   |
| Roof                        | \$277,284          | 25                  | 2-24                   |
| <b>Total</b>                | <b>\$4,953,494</b> |                     |                        |