

BILTMORE II CONDOMINIUM MONTHLY NEWSLETTER



Volume 14 Issue 4

January 2022

BILTMORE II CONDO

600 Biltmore Way
Coral Gables, Florida 33134

Board of Directors 2021

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- Vice Pres.**Amadeo Molinos
- Treasurer**Reinhard Benditte
- Secretary**.....Dr. Alan Ezrin
- Director**José Donis
- Director** Rachel Lauzurique
- Director**Monique Selman

OUR STAFF

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- Admin. Asst.** Elisa Burnbaum
- Front Desk Supv.** Luis Palma
- Maint. Supv.**Eduardo Mustelieir S.

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- Maintenance**.....

Association Website.....
<https://biltmore2condo.mycommunitysite.app>

OFFICE HOURS

Monday-Friday..... 9 a.m. - 5 p.m.



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MANAGER'S CORNER

QUESTIONS FOR THE UPCOMING ANNUAL MEMBERSHIP MEETING

The 2022 Annual Membership Meeting is coming up on February 28, 2022, at 6:00 pm in the Association's Social Room. This annual event is typically the venue for Board member elections and voting on any amendments to our Declaration of Condominium or By-Law documents. General Membership votes are either mailed



in or made in-person at the meeting. In addition, we have 3 available Board member positions that end their 2-year terms and are up for election.

AMENDMENTS TO ASSOCIATION CONDOMINIUM DOCUMENTS

The Board of Directors at the recommendation of the Building Committee, is once again proposing an amendment to Article XXVI (H) of its Declaration for vote by the general membership at the February 2022 Annual Meeting. The proposed amendment was voted on by the general membership at the annual Meeting held back in February 2019. The amendment failed to pass. This Amendment will allow owners the option to have the required hurricane shutters and or impact glass doors and windows as an alternative form for windstorm protection. All of which must be code compliant and in accordance with the guidelines approved by the Board of Directors. We will provide you with more information as we get closer to the Annual Meeting.

NEW RESIDENTS

Gustavo and Constanza Franco, and their daughter, Tatiana

Armando and Cristy Bucelo



CORRECTION to December 2021 Newsletter: Apology to new member Marcela Vieco, and her daughter, Maya, as Marcela's name was misspelled in the December 2021 newsletter issue.

TREASURER'S REPORT

(November 2021 Financial Results)

INCOME/EXPENSE

The month of November shows a net surplus of income vs. expenses of \$37,824 bringing the year-to-date income surplus to \$145,642. The main reasons for the November YTD surplus are: continued lower Personnel Expenses (see also night contractor as an offset), lower Misc. Administrative Expenses as some of these costs will be incurred in December, Insurance Fees still being lower than budget (an offset increase we should see in December actuals), higher utility expenses due to consumption, Maintenance Expenses impacted by the Elevator Repair (however, there is an offset as income from an insurance claim), and Higher Service Contract expenses due to use of a Nightly Contractor. Given the November YTD surplus, I expect the 2021 surplus to exceed my previous forecast of \$58,498.

COLLECTIONS

I like to thank ALL owners for being up to date with their payment of the normal monthly Maintenance Fee. Also, I appreciate that owners have been catching up with their Special Assessment payments. However, we still have owners who are late with their payments. I hope that by year-end all owners will clear all their outstanding special assessment payments. Just for the records, the total outstanding special assessment payments amount to a total of \$7,170 at the end of November. Please have a look at your account statements or talk to the Administration so that all outstanding payments can be verified.

FUNDING (November 30, 2021)

The funds as per Balance Sheet show in our operating bank accounts, including petty cash, an amount of \$613,000. As for Reserves, we still have a high level (\$2,850,000) of funds available in our regular Reserve bank accounts. Regarding our Special Assessment, the funds available in our bank account amount to \$807,000.

Apology to those of Jewish Faith

In the last Newsletter issue, I authored a small article about the November 28, 2021, Tree Lighting Party that over one hundred residents attended. The article included a photo of the illuminated Christmas tree. Also, it mentioned that in the background of the photo, readers could see the Jewish Menorah with two of its nine lights lit. To my dismay, I failed to edit this article and misspelled "Menorah" as "minora." In fact, upon further review of the photograph, it was difficult to see the Menorah at all. To my Jewish friends and Biltmore II members of the Jewish faith, please accept my apology. The Holiday Season at Biltmore II includes a beautiful Menorah in the raised center portion of the lobby. See photo.



Bob Petzinger – Editor for this final issue



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ELEVATOR PROJECT STATUS

The Association’s management removed the east-side passenger elevator from service months ago due to its disturbing operational noise and other problems. It returned to service in December 2021 as KONE completed its refurbishment portion of this project. KONE is the Association’s contracted elevator maintenance company, and it has serviced all four elevators for many years. KONE is a global leader in the elevator and escalator industry.

Early reports from residents indicate that the refurbished elevator runs quietly, which solves one of the major problems that led to its removal from service. Also, it now runs faster. It has digital floor level displays and an audio system that announces the floor level. The inside of this cab will be modernized later since very soon it will be utilized as the temporary service elevator while the main service elevator is refurbished. The Association does not want to risk damage to a modernized interior cab during this limited time when it is carrying cargo in addition to residents. Modernization of the interior of this cab will take place once the main service elevator’s refurbishment and modernization are completed.

This important large project got off to a slow beginning due to permitting and other start-up problems, but the rest of the project should move along smartly with completion as contracted by the end of 2022. Remember last month’s exhortation – “Patience is a Virtue”! The Association is funding this large project from Reserve accounts.

Bob Petzinger
Editor for this issue only

2022 ANNUAL BUDGET APPROVED

On December 15, 2022, at the annual Board of Directors budget meeting, the Finance Committee, chaired by Treasurer Reinhard Benditte, presented the proposed 2022 operating budget with Reserve funding contribution, to the Association’s membership. The total expenditure for 2022 is \$2,983,745 – a 7.96% increase vs. 2021. The operating portion of the budget increases 1.52%, with a 30% increase in insurance costs and a 17.5% increase in utilities costs offset by other budget areas, including a contribution of the estimated budget surplus for 2021. This 1.52% increase in the operating budget is well below the growth in the Consumer Price Index. The Reserve fund contribution grows \$137,331 (+19.4%), which amounts to a 5.04% increase in the total annual budget for 2022.

See separate article in this newsletter regarding the budget and reserve fund planning process. Management sent the proposed budget to all unit owners in advance of the budget meeting. After answering questions from the members (unit owners), the Board unanimously approved the 2022 budget as proposed.

Bob Petzinger – Facts from Unit Owner Pre-Approval 2022 Budget Letter

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BUDGET PROCESS & RESERVE FUND PLANNING

The annual budget planning process also includes sound planning of Reserve projects and the associated funding. Homeowner Associations, such as Biltmore II, should perform periodic reserve studies as a prudent business practice. Directors of Associations are held to a “prudent businessperson” rule to meet the fiduciary duty of their position for the Association. As a prudent businessperson, they would establish a capital replacement budget (Reserve Study) to make sure enough funding is available to provide for major repairs and replacements. To do so, most states’ reserve study statutes require physical site inspections on 3- or 5-year cycles. In addition, the Association should perform an update without site inspection every year as part of the annual budget process.

The State of Florida has adopted two separate statutes, Chapter 718 for Condominium Associations, and Chapter 720 for Homeowners Associations. Title XL, Chapter 718, Condominium Associations, describes the responsibilities of the Board of Directors to budget for and determine reserve accounts for capital expenditures and deferred maintenance for which the association is responsible. Florida’s condominium statute requires an association’s annual budget to include reserves for capital expenditures and deferred maintenance, including, but not limited to, roof replacement, building painting, pavement resurfacing, and any other deferred maintenance or replacement cost exceeding \$10,000. The amount to be reserved must be computed using a formula based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of each reserve item. The association may adjust replacement reserve assessments annually to account for any charges in estimates or extension of useful life of a reserve item caused by deferred maintenance. The Reserve Study guides the Association in building up funds to perform infrastructure replacements and deferred maintenance over the upcoming 30-year period.

The Biltmore II Association has contracted with Dreux Isaac & Associates Inc., a consultancy with over thirty years of experience in Reserve Studies serving homeowners associations throughout Florida. It has supplied Biltmore II’s Condominium Association with a Reserve Study and annual updates for over ten years. The purpose of the Reserve Study is to provide a long-range (30 years) capital budget plan that identifies qualifying capital assets of our property, their cost, and remaining life expectancy. A Level 1 Reserve Study by Dreux Isaac & Associates, Inc. includes a component inventory of all capital assets exceeding \$10,000 in value, including some items below that value which the Board deemed necessary to be included in the Reserve Study, an on-site inspection every three (3) to five (5) years to assess the condition of each asset, an evaluation of the life expectancy of each asset, status of the Reserve Fund, and a funding plan based on historical costs

to maintain or replace these assets that is based on broad experience throughout Florida that includes an estimate of future costs over the 30-year reserve study period. In recent years, including 2021, Biltmore II’s Board also contracted with Dreux Isaac & Associates to update the Reserve Study by 1) analyzing the infrastructure component inventory, 2) updating the remaining useful life of each asset and its value, and 3) revising the 30-year funding plan.

The Association’s Finance Committee uses the Reserve Study (and/or the Reserve Study update) with the Funding Plan Dreux Isaac & Associates established to include the Reserve contribution element of the Reserve Study into Biltmore II’s annual budget. From the annual budget, the Finance Committee determines the monthly maintenance fee for each type of unit.

The initial phase of the budgeting process is a proposed budget, which the Treasurer, as Chair of the Finance Committee presents to the Board of Directors and is reviewed accordingly. Once the Board accepts the proposed budget, it is presented to all unit owners and a final approval meeting is set by the Board of Directors. The approval date of the budget for 2022 was set for December 15, 2021, and the Board unanimously approved it. This is the first time in an unknown number of years that the Finance Committee recommended, and the Board approved (unanimously), a budget with Reserves regarded as fully funded as recommended by the Reserve Study consultant. This means that the annual contribution to the Reserves included in the annual budget are those amounts outlined in the Reserve Study update prepared by Dreux Isaac & Associates. The definition for Fully funding reserves means that a stable cash flow is being set to replace each common asset element when it reaches the end of its useful life. Fully funding Reserves offers the least amount of risk to unit owners as this step is the most effective tool to set aside sufficient funds to replace every asset over the next 30-year period when each asset reaches its useful life.

Finally, there are two Reserve funding approaches – the Pooling or Cash Flow method vs. the Traditional Straight-line method. Biltmore II has chosen the Pooling or Cash Flow methodology. The Florida Department of Business and Regulation’s Self Study Training Manual on Budget and Reserve Schedules has outlined the following: *As opposed to the operating section, funds that are a part of the reserve section (i.e., study) can only be used for the purpose intended unless approved by a vote of the unit owners. If the Board identifies a need elsewhere for the funds, the Board cannot simply withdraw and use them.* Unit owner approval is required to use pooled funds to pay for any expenses that are not allocable to the categories that are included in the pool.

50-Year Building Recertification Project

Miami-Dade County building code requires recertification of a building's structure and electrical systems as being safe when a residential multi-family building reaches 40-years of age, and then every ten (10) years thereafter. Biltmore II received its certificate of occupancy in February 1973, so the City of Coral Gables will notify our Association in February 2023 that the 50-year recertification commences in February 2023. The Association must complete all inspections and repairs (if any are required) and achieve recertification that the building and electrical systems are safe withing 90 days (May 2023). If repair work will extend beyond May 2023, the City's Building department will grant a 150-day extension from the date of the original notice, with final completion due no later than July 2023.

The Association is well underway with this important project. The Board of Directors selected Biller Reinhart Engineering Group, Biltmore II's structural engineering consultant since 2015, as certifying agent for the 50-Year Recertification of Biltmore II's structure and electrical systems. This firm has detailed knowledge of Biltmore II and, among other projects, is the guiding force behind the basement garage structure and waterproofing project funded by the recent special assessment. Biller Reinhart will conduct building and electrical system inspections, develop a list of items that need further review, recommend contractors for engineering design and repair work, and recommend structural and electrical contractors to bid on the repair work. It will analyze those bids and recommend the vendors for Board approval. This overall process will be project managed by Eduardo Cosina of EC Consulting Partnership.

Biller Reinhart just conducted a visual inspection of Biltmore II's structure, including the balconies. Its report is due in January 2022. It sub-contracted with Osborne Engineering to inspect Biltmore II's electrical systems. That inspection will soon begin with an initial report in February 2022. The overall 50-year recertification report (structural and electrical), with input from Osborne for the electrical part, will be the responsibility of Biller Reinhart Engineering Group. The Association funds this project from Reserve accounts. Since the Association made structural repairs and electrical system upgrades as part of the previous 40-year recertification and in subsequent years (e.g., replacing sump pumps, domestic water pumps, emergency generator, and other improvements), the Association expects timely recertification in 2023.

By Bob Petzinger – Editor for this issue only

One Resident's Biltmore II Experience

My wife, Cristina Moran, and I moved to Biltmore II in December 2014. Exactly seven years later we moved away to re-join younger family members in the Washington, D.C. area. In the past seven years, no organization has had more impact on our quality of life than the Biltmore II Condominium Association, Inc. As a self-managed organization, it depends on unit owners to volunteer to fill key posts, such as member of the Board of Directors, Finance Committee, Building Committee, Violations Committee, Admissions Panel, Social Club, and dozens of short-term task groups that the Board or committee chairpersons create to study issues and recommend solutions. The Association can achieve its goals only if qualified volunteers offer their time and skills to participate in these tasks. As an appointee to the Board of Directors in my first year of residence, I quickly learned that Biltmore II is a complex organization. Only now, seven years later and recently departed from Coral Gables and Biltmore II, do I feel qualified to take on the tasks that came my way while living in residence. We hope we made a positive contribution, but that is for others to judge.

I had the good fortune to find ways to volunteer that matched my interests and, hopefully, my skills. I love plants and for twenty-two years I tried to put my horticultural skills to effective use at Fairchild Tropical Botanic Garden. When Bill Beitz started the Landscape Task Group to improve Biltmore II's substantial investment in its landscape, I volunteered, becoming chair of the task group in 2018. My last project was to work with the landscape architect to design the plant scheme that will replace what is being removed to waterproof the top of the basement garage roof deck. I am grateful to Pedro Morales for assuming task group leadership and I look forward to seeing the new landscape someday. I am pleased that I was able to convince the Association to select Unique Foliage to replace and maintain the lobby planters in 2019. The lobby looks so much better now. Also, I like to write and ever since serving as Board president in 2016, I have contributed several articles each month to the Biltmore II newsletter. This January 2022 issue is my swan song. My sole goal was to inform residents of what is going on at Biltmore II – operationally, financially, and socially. I hope the readers found it to be informative. My best memory is helping to convince the Association to replace the manual front lobby doors with the state-of-the-art automatic impact glass sliding doors. I love them and hope you do too.

Cris and I wish everyone at Biltmore II a happy and healthy 2022 and beyond. Thanks for the memories!

Bob Petzinger

DECEMBER 2021 HOLIDAY PARTY

