August 14, 2024

Dear Ocean Four Condominium Members:

On behalf of the entire Board of Directors, I want to update you on the Ocean Four Structural Integrity Reserve Study ("SIRS") recently performed and submitted to the board by the SIRS company that the board hired last year. To avoid any confusion, SIRS is not related to the recent inspections of balconies and our building exterior for purposes of future concrete restoration work. The SIRS is for reserve account funding for major repairs and replacements of the common areas in future years as I will explain.

The genesis of the Florida Building Safety Law requiring a SIRS resulted from the tragic Surfside Champlain Towers condominium collapse. The legislative goal is to prevent another high-rise condominium from suffering a catastrophic structural failure such as this. The original SIRS law was unanimously passed by the Florida Legislature as Senate Bill 4-D and approved by the Governor in May 2022. It was subsequently modified in 2023 by Senate Bill 154 in what is known as a "Glitch Bill", intended to remove ambiguities, contradictions, and make clarifications to SB 4-D. It also made some substantive additions. Throughout this evolution, your board has been monitoring the requirements of this new law and its impact upon our community.

You may have also read or heard of another component of the Florida Building Safety Act that mandates "Milestone Inspections" of all high-rise condominiums, which must be done 30 years from their Final Certificate of Occupancy, or alternatively 25 years in areas deemed more susceptible to structural deterioration by the local building official based upon numerous factors, such as proximity to coastal conditions. Ocean Four will not be impacted by this aspect of the new law until April of 2033 at the earliest. However, the board has consistently over the years, and long before the Champlain Towers tragedy, mandated structural integrity inspections on our pool deck, garage, roof, and building exterior. As you are aware, we are currently preparing for a concrete restoration project of the exterior of our building, as well as waterproofing and painting the exterior.

Regarding the SIRS requirement, in the last two years I have met with legislators, including two Senators involved in the original Florida Senate Bill 4-D Building Safety Act, Senators Pizzo and Bradley, and briefly discussed some concerns condominium associations might have finding qualified structural engineers to perform the required SIRS inspections. As an attorney and active member of the Florida Bar, I am able to review the many legal articles provided to Florida attorney's regarding SIRS, the legal impact of the Florida Building Safety Act placed upon condominium associations, structural inspections and related matters impacting Ocean Four, and the implementation of the soon to be required budgeting of the Structural Integrity Reserve Study in Fiscal Year 2026. This legislation is a life-safety statute to prevent future high-rise condominium structural failures. The unavoidable result will be increased condominium living costs in Florida for communities that have neglected the necessary inspections and repairs to their buildings. Ocean Four has not! However, as our building ages and many mechanical, structural, and infrastructure items reach end-of-life, and repair, replacement and construction costs increase along with goods and services, Ocean Four operational expenses will unavoidably mirror this trend.

The SIRS law combined with existing law now requires condominiums in Florida to establish two separate reserve funds: a capital reserve fund dedicated solely to structural items, and a non-structural reserve fund that has been required for many years. The SIRS is mandatory and may not be waived by a condominium board or membership.

Previous communications from the board to members have explained in great detail what the new SIRS law will require and how the board planned to be proactive in having the SIRS report completed well in advance of the mandated December 31, 2024, completion date. Upon passage of SB-4D, we knew that Florida has a finite number of qualified engineers to perform the SIRS, and completing this study in a timely manner would be more difficult by waiting in the hope the legislature would extend the deadline, as many condominiums had thought they might, but they did not. Late last year the board vetted in person multiple SIRS engineering companies and subsequently chose one to perform the mandated SIRS. This was completed a few months ago and has been under review by the board and management. It was an agenda topic and discussed at our last board meeting.

Finally, it is important to understand the SIRS represents only a snapshot in time as of the date the report was finalized. Like all reserve studies, it anticipates capital replacements end-of-life dates and financial variables for 30 years into the future. Examples of variables are: The future cost of goods and services; interest rates for both interest earned on reserve accounts and the cost of borrowing options; inflation rates; and other factors that will require the continued adjustments of our SIRS on an annual basis. This entire board is committed to do whatever is necessary to maintain the structural safety of our community. The SIRS is a primary tool for the community to be cognizant of future costs on an annualized basis. The optimal goal is to accrue a SIRS balance for necessary expenses at their end-of-life, but not create an excessive surplus of reserve funds just sitting and waiting to be used. There are some areas of board discretion in the costs and timing of repairs and replacements in non-structural reserve categories. However, the company the board has chosen to do our SIRS used algorithms to maintain the lowest allowable structural reserve maintenance costs per year. However, no one can accurately predict what will happen tomorrow, let alone 30 years into the future.

The Florida Building Safety legislation will continue to evolve as our elected representatives respond to mandating the safety of all people living in high-rise buildings, but also remain aware of the cost limitations many residents living on fixed incomes within a condominium community can endure. This will be the challenge. I will continue on behalf of our board and our entire community to speak with our elected representatives, both state and local, to advocate for what is best for our community.

The 138-page Ocean Four Condominium SIRS report has been uploaded to our association website and is available for download. It will be under the Forms and Documents tab. You may also click the View Attachment(s) link below to view or download the document. If you need assistance, please contact the management office.

Respectfully Submitted,

Steven Hirsch, Esq., President

On Behalf of Your Ocean Four Board of Directors

Steven Hirsch, President, and Director
Adelina Angola De Diaz, Treasurer, and Director
Valentina Wish, Secretary, and Director
Nche Zama, Director
Ronit Arginteanu, Director