



Palm Worth

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To: All Shareholders.

9/7/2022

As we begin the work, and yes, challenge of putting together the 2023 Budget, we are faced with the changing costs of our insurance, the necessary continued maintenance of our building and windows and new State of Florida rules and regulations concerning all condominiums/co-ops in Florida. These new requirements, which include an inspection by an engineering firm as well as required specific reserve funds, are the result of the collapse of the condominium at Surfside. It is expected that because of the amount of maintenance, as well as preventive maintenance, we have undertaken at Palm Worth along with our established reserve funds for all major components of the building we should come through these inspections with hopefully reasonable additional requirements and costs. We have been very proactive in reaching out to our engineering firm to be sure we are on their list for doing any required inspections and with our attorney to supply the State list of requirements when available. We have, as well, contacted and discussed with an electrical engineer the condition, remaining life, and requirement for replacement of our soon to be 60 year old main electrical panels located in the electrical room.

As you know, last year's special assessment was required not just to cover the elevator renovation but the major increase in our building insurance, as well as the North building repairs. With the assistance/input of a shareholder, we have had our insurance policies reviewed by a major insurance agent/broker and told that our insurance and policies are consistent with Florida insurance for oceanfront property and they could not better that cost. The increase of \$83,000 along with any additional insurance increase for the coming year (contacted agent and expects increase around 15 - 20% with more firm estimate after hurricane season), will need to be put in the Budget as a recurring cost. Any required additional funds needed for specific building replacements or repairs will be a special assessment. The 2023 Budget will require a substantial increase in the shareholder monthly maintenance assessment in order to cover the above discussed items along with other operating expense requirements.

As also mentioned above, after much discussion with several electrical engineers, the replacement of our aging main electrical panels is something that requires our attention. We have been informed that these main panels are okay right now but they are going on 60 years old with no replacement parts available. If there is a breakdown of the equipment there would be no required replacement electrical plan in place worked up by an electrical engineer, no parts readily available, and the contract would be an emergency with those rates adding close to \$100,000 to the contract. In addition, I have been advised that Palm Worth would be without electricity from 6 weeks to possibly 6 months!! Estimates for replacing our main electrical panels have been quoted from \$200,000 to \$500,000 - I am an optimist and envisioning closer to

\$300,000. With taking into consideration the professional advice as well as realizing the consequences not just financially but environmentally, I believe the Board will need to proceed with obtaining the electrical engineer's plans to have in place in 2023 with soliciting bids to update our building's electrical system in 2024. This will require a special assessment in 2024. In addition, there will be a period where electricity will not be available at Palm Worth during the work.

I believe it is important that the shareholders at Palm Worth are informed and understand that this one-of-a-kind beautiful building sitting on the ocean is nearing 60 years and though well-maintained and sporting soon to be completed new elevators will have needed repairs/replacements as it ages. I pass on to all of you that the numerous compliments from contractors, engineers and visitors as to the condition and beauty of our building are too numerous to list!!

Thanks,

Juanita Leary
Pres., Palm Worth
Board of Directors