



650 Island Way Repair Update Contract and Loan

Presented to Owners on May 5, 2025

Contract Summary – Velocity Services Group

Scope of Work

- Full building envelope restoration including:
- Siding (Hardie) and waterproofing on all facades
- Roof replacement (R-panel metal system with insulation)
- Moisture barrier, trim, flashings, and sealants
- Storm shutter removal, debris cleanup, and site restoration
- The 3 north towers might be stucco'ed if approved by vote

Contract Value

Base Price: \$4,450,000

Optional Stucco Add-on: +\$25,396 if approved (towers only)

Does not include unforeseen substrate replacement (e.g., 5/8" sheathing)

Timeline & Payment

Draw schedule based on progress, paid monthly

10-day approval/payment window on each invoice

Initial deposit: \$445,000 (10%)

Interest only payments for 24 months. The Condo is paying these out of reserves for the first year

Key Protections

10% cap on contractor fee if terminated early

Change orders must be pre-approved

Engineering and materials must meet Florida Building Code + wind/rain resistance standards

Wind mitigation report and warranty transfer included at project close

Loan Repayment Scenarios

	Potential	Scenario 1		Scenario 2		Scenario 3	
			Percent		Percent		Percent
Velocity Contract		\$ 4,450,000		\$ 4,450,000		\$ 4,450,000	
5/8 Siding	\$ 225,000	\$ 225,000	100%	\$ -	0%	\$ -	0%
Stucco Management Fee		\$ 32,000		\$ 32,000		\$ 32,000	
Continency	\$ 445,000	\$ 445,000	100%	\$ 222,500	50%	\$ -	0%
Total Cost		\$ 5,152,000		\$ 4,704,500		\$ 4,482,000	
Loan Costs through May		\$ 162,011		\$ 162,011		\$ 162,011	
Cost + Interest through May		\$ 5,314,011		\$ 4,866,511		\$ 4,644,011	
Loan		\$ 3,500,000		\$ 3,500,000		\$ 3,500,000	
Sources of Income							
Special Assessment		\$ 1,100,000		\$ 1,100,000		\$ 1,100,000	
Reserves		\$ 322,000		\$ 322,000		\$ 322,000	
Insurance Proceeds	\$ 4,900,000	\$ -	0%	\$ 2,450,000	50%	\$ 3,312,939	67.61%
Total Proceeds		\$ 1,422,000		\$ 3,872,000		\$ 4,734,939	
Bank Balance		\$ 3,892,011	\$ 392,011	\$ 994,511		\$ (90,928)	
		Floor		Floor		Floor	
		1-7	8	1-7	8	1-7	8
		1.72	2.21	1.72	2.21	1.72	2.21
Loan Balance		\$ 3,500,000		\$ 994,511		\$ (90,928)	
Add'l SA		\$ 392,011		\$ -		\$ -	
April 2026 SA		\$ 6,742.59	\$ 8,663.44	\$ -	\$ -	\$ -	\$ -
Payoff May 2026		\$ 60,200	\$ 77,350	\$ 17,106	\$ 21,979	\$ (1,564)	\$ (2,010)
Interest in May		\$ 326	\$ 419	\$ 93	\$ 119	\$ (8)	\$ (11)
Interest + Principle May 2027		\$ 684	\$ 879	\$ 194	\$ 250	\$ (18)	\$ (23)

Future Special Assessments Discussion

The remaining \$3.5MM of the loan balance will be paid first with any insurance proceeds, and/or a special assessment that will be levied at the end of the 24 month interest only draw period of up to \$3.5MM which will be determined by the balance outstanding once the interest only period is over and insurance proceeds have been applied.

Why Stucco the Pillars (North Towers)?

✅ Structural Integrity

The three towers are **masonry block**, not wood-frame
Stucco over block is a **proven, code-compliant system** in Florida high-rises
Eliminates need for furring strips or secondary substrate anchoring

🔧 Weather and Moisture Protection

Stucco is **seamless**, reducing water intrusion risk at floor lines and transitions
Fewer joints = fewer failure points in hurricane-force winds
Applied directly over block — no reliance on aging or uncertain wall underlayment

🎨 Aesthetic Integration

Smooth stucco finish matches the original architecture
Visually integrates stair towers with concrete balcony elements
Reduces potential for visual segmentation that comes with lap siding

💰 Cost and Scope

Stucco upgrade adds **\$25,396** to the base contract
The \$126,980 stucco installation is already included — we only pay for project management overhead
No increase if we default to Hardie siding

🗣️ Recommendation

The Board recommends **stucco on the three north towers** for long-term durability, aesthetic coherence, and structural simplicity — pending owner approval.



Siding & Stucco

Siding Color – Cobble Stone

Siding Trim – Timberbark

Stucco – TBD (similar match to siding)



Stucco



Timber Bark >



650 Island Way

ALL Siding

Siding Color – Cobble Stone

Siding Trim – Timberbark



Pool Reserves – Requires a Votes

Liabilities & Equity

LIABILITIES

20-2010-00-00	Reserves- Paint	40,481.02
20-2015-00-00	Reserves - Milestone Inspection	(5,357.50)
20-2020-00-00	Reserves- Roof	131,773.24
20-2030-00-00	Reserves- Pool	19,867.74
20-2040-00-00	Reserves- Paving/Sealing	9,579.51
20-2050-00-00	Reserves- Elevator	809.30
20-2060-00-00	Reserves- Siding	64,414.10
20-2070-00-00	Reserves- Dock	11,512.80
20-2075-00-00	Special Assessment '24 - Dock & Seawall	44,601.08
20-2085-00-00	Reserves - SIRS/Pooled - Non Structural	7,125.00
20-2086-00-00	Reserves - SIRS/Pooled - Structural	9,300.00
20-2090-00-00	Reserves- Flood Insurance	57,908.27
20-2095-00-00	Reserves- Insurance	10,792.12
20-2096-00-00	Reserves- Interest	35,523.15
20-2100-00-00	Reserves- Deferred Maint.	22,875.60
20-2110-00-00	Reserves- Life Safety	31,834.62

Hurricane Shutters

Shutters will be removed for siding

Owners who decide to reinstall their shutters once all work is completed will be responsible for removing existing shutters, storing those shutters, AND reinstalling them (using a qualified, licensed company) once all work on the building is completed.

All work must be facilitated by Velocity due to coordination and liability issues. Velocity will also require a liability waiver. For those with automated shutters, the electricity must be terminated inside the unit in all cases.

Any owner who decides to re-install shutters will be responsible for any leaks/water intrusion that is deemed to have been caused by the re-installation of shutters.

Any owner who intends to re-install their shutters must have shutters removed and stored **NO LATER THAN May 30, 2025**

Any shutters that are still up on May 30, 2025 shall be removed and disposed of by Velocity Services Group.

To summarize, owners have the following options:

- Install new hurricane rated windows (bulk pricing will be provided; quotes currently being gathered)
- Remove, store and re-install shutters (at owner expense and responsibility)
- Have shutters removed and disposed of by Velocity

Next Board Meeting

- Proxy Mailing goes out tomorrow
- Review proxy vote for Stucco (Need 75% Approval)
- Approve Sweep of Reserves (Need 75% Approval)

Thank you