

**RIVER CLUB OF MARTIN COUNTY, INC.
12/12/2020 BUDGET MEETING**

The meeting was called to order at 10 a.m. followed by the Pledge of Allegiance.

Calling of the Roll: John Mears, President; Thomas Edwards, Treasurer; Karen Vertesch, Secretary; and on Zoom: Watson (Chip) IBellows, Vice President; and Loretta Gill, Director at Large.

Certify Posting of the Agenda: The Agenda was posted on November 28, 2020, mailed, hand delivered and emailed to the addresses provided to River Club.

Approval of minutes of November 23, 2020: Thomas Edwards made a motion to accept the minutes as written; seconded by Chip Bellows. All approved, motion carried.

Review of Proposed 2021 Budget:.

Thomas Edwards reviewed each of the Reserve Accounts with an explanation of how the dollar amount was calculated for the 2021 Budget.

#5-204 Bob Fiorito questioned how the figure was calculated in reroofing the Buildings for 5 ½ years when the shingles are rated for 10 to 50 years? Ken Kusen responded that in Florida the rule of thumb for 30 year shingles had a 20 year life, and the 50 year shingles had a 30 year life.

Administration Expense Review:

Legal: The Increase is due to attorney reviews on ESA applications if needed and the review of the Rules and Regulations for compliance. Currently, Barbara Essenwine with Park Place Property Management reviews the ESA applications and will only contact the attorney if necessary. Our attorney has been retained for the past 3 months and for 2021. This \$300 annual retainer agreement will be posted to the website.

General Liability Insurance: The forecast for this year is \$265,000. There is a question if we can invest the Reserve account funds into the prepaid insurance account to pay the General Liability Insurance. If 100 people are able to prepay their HOA for 6 months, this would help and eliminate the carrying charge. A workshop committee will be setup to review the General Liability and Flood Insurance contracts and premiums.

#14-101 Lindsay Lugo - recommended an insurance consultant to obtain bids from several companies. Diana Swiecki agreed with Lindsay and also stated with hurricanes becoming more frequent, flood insurance should not be dropped at this time. John Mears responded Mrs. Jackson, a consultant, from Gateway Centra has been retained to get additional bids along with our current carrier. A survey was done on the elevation of our buildings showing the map has changed taking all of our buildings out of the flood zone, called the "X" zone. He recommended not to renew the Flood Insurance due September 2021. If we would be judged to be in the flood zone again, we would get the special rate again.

Discussion followed:

#13-104 Jon Korda asked if dropping the Flood Insurance affects the General Liability Insurance? John Mears responded that General Liability Insurance does not cover Floods. Currently, with Flood Insurance there is a \$25,000 deductible on each Building and it only takes effect with rising water that would cover 2 square acres. There has not been a flood in the area in over 100 years. Property damage is just for a wind storm.

#7-101 Ken Kusen stated there would be a problem with residents getting a mortgage without flood insurance. John responded that most banks sell the mortgages to Fannie Mae or Freddie Mac that do not require flood insurance in an "X" zone. Ken also stated in the past the attorney and accountant stated that Reserve funds can be used as long as the funds are collected and the Reserve Account has the funds at the end of the year. He also commented that if funds needed for a specific project (shoreline) a reserve was set up for that over a period of time for less of an impact on the common charge. The insurance company must be admitted in Florida for the state to back it up.

#9-103 Brian DeGross commented there are issues in the budget where money can be saved on insurance (ie, the shoreline as a special assessment) and Cable. Placing Cable on Seasonal would lower the amount. An HOA over \$500 has issues when trying to sell, etc. and commented the Board should have taken the recommendation of the Budget Committee. John Mears responded that the Shoreline Restoration was approved last year, but postponed until April due to the virus and the influx of residents.

Thomas Edwards made a motion to drop the Flood Insurance due in September from \$75,000 to \$30,000 which would lower the HOA from \$520 to \$500 from the expense portion of the budget; seconded by Karen Vertesch.

Further discussion: #7-102 Keith Palant commented flood insurance also

insures against a 100 year flood. This means that every year there is a 1% chance you would have rising water in your unit which is caused by extensive rain.

#9-104 John Veres stated as an insurance agent he has experience with flood insurance. He commented with an Elevation Certificate the premium can be reduced. A flood's definition is 2½ square acres of rising water; and if not 2 ½ acres the insurance company would not pay the claim. John Mears commented that it is now 2 square acres of rising water for the Flood Insurance to go in effect. The quote given as to the chance of having a flood was .02 of 1%.

#11-203 Joe Novello stated that Flood insurance would only pay for the outer walls of the building. An assessment is used for a one in a time problem.

#13-104 Jon Korda questioned if a \$100,000 deductible had been considered? In response to the question regarding Cable, residents are being recruited to look at three bids in conjunction with a consultant and John Mears. A survey will be sent out to get information on resident's needs. If anyone is interested, please get in contact with Jamie in the office or Jon Korda. Recommendations will be made to the Board and information then sent to the community. This contract is due 3/2022.

John Mears stated that there is a motion on the floor to reduce the Flood Insurance from \$75,000 to \$30,000 which will reduce the HOA from \$520 to \$500. Call for the vote: All in favor, motion carried.

Thomas Edwards wanted to reverify with Ken Kusen that it was legitimate to use the funds in our Reserve account. Ken commented that Mr. Jackson, our accountant, stated it could be done as long as all the funds were collected to the level it was supposed to be by the end of the year. He suggested to reduce the Insurance fund by \$3,000.

Thomas Edwards made a motion to reduce the General Liability Insurance from \$265,000 to \$255,000 and the adjustment to the General Deferred Maintenance will get the HOA to \$495; seconded by Karen Vertesch. All in favor, motion carried.

Thomas Edwards made a motion to reduce the monthly fee from \$520 to \$495; seconded by Karen Vertesch. Further discussion: Paying the HOA in advance is not needed, but can be done. Call for the vote: All in favor, motion carried.

Thomas Edwards made a motion to adjourn at 11:45 a.m., seconded by Karen Vertesch.

Respectfully submitted,

Karen Vertesch, Secretary

