

SUNCHASE CONDOMINIUM ASSOCIATION, INC.

BOARD OF DIRECTORS MEETING

March 18, 2015

MINUTES

BOARD MEMBERS PRESENT

Abe Singh
Jake Commer
Mandy Youngblood
Duane Fair
Butch Sommermeyer (by tele-conference)
Tim Carr (by tele-conference)

OTHERS PRESENT

Ken Jensen; Gilmore Insurance
Greg Tober, Mike Eddins; Hiles-McLeod
Cheryl Kelley, Etheridge Property Mgmt.
Doug Youngblood
Carl Turk #A-4

Call to Order:

The meeting was called to order at 5:00pm by Abe Singh, President.

Insurance Proposals:

Ken Jensen of Gilmore Insurance Company presented final proposal for the March 30th Insurance renewal. Ken stated the flood policy cost did not change for 2015; premium is the same as last year's policy 17,073.

All flood policies will have a standard increase effective April 2015, privilege for Sunchase flood policy which renews March 2015, therefore Sunchase will not be effected until 2016.

Windstorm has a premium increase of 4,500. Total cost for all policies is \$109,817. (2014 \$105,520)
Ken went over with the board Insurance Limits and Premium summary, with regards to Insured Values, GL, Property Combined premiums and deductibles.

Ken noted that for total insured values, Condo owners carry their own homeowner policy H06 w/ liability. Limits of their own choice, as per unit contents, upgrade, etc.

There was discussion and questions from board members regarding total insured value vs coverages, Value is set at 7,957.00 with insurance coverage up to 9,000,000.

The Board thanked Ken for his service and for attending the meeting with the insurance updates.

Greg Tober and Mike Eddins of Hiles McLeod were also at the BOD meeting to present an insurance proposal to the board.

Hiles McLeod shopped the insurance marketplace. Greg stated the flood coverage premiums would stay the same as 2014 renewal 17,073. Greg noted that the savings for Sunchase would be gained in a Package Insurance Policy that would cover, Fire & Wind with American Coastal Insurance 69,365. GL, D&O and the Crime policy (required) would be insured by Cincinnati Insurance 6,120. For a total cost of 92,558.

The board asked Greg and Mike several questions regarding changing Insurance carriers from Citizens Insurance to American Coastal Insurance. Greg noted that American Coastal in an "admitted" company, meaning that they are backed by the State of Florida Guaranty Fund. Greg also noted to the board that Citizens does have Policyholder Surcharge risk, of one-time assessment up to 45% of premium, if Citizens allocation of Hurricane/catastrophe claims were exhausted.

The board discussed the comparison of the two proposals. It was duly noted the relationship that Ken Jensen of Gilmore Insurance has had with Sunchase for many years and the loyalty of service he has given to the Association. It was decided to table the issue to further look into the insurance comparisons and ask Ken to provide an alternative proposal. The board will reconvene by conference call next week 3/24, to make a decision before the renewal.

APPROVAL OF MINUTES: Duane made a motion to approve the minutes of the BOD meeting in February, Mandy seconded, and the motion passed unanimously.

February Financials: Cheryl Kelley presented the February financial reports. The financial reports reflected monthly income of \$30,055. & total expenses of \$15,629 for a net operating income of \$14,426. Contingency & reserve transfers were made. Reserve balances were discussed; it was noted regarding the painting reserve with a balance of \$219,626. Exterior Painting estimates are in the works, **preliminary** bids came in below the painting reserve balance.

Receivables: Customers with a balance are sent statements on the 15th of the month. Cheryl noted that many customers have paid dues in advance and currently there are credits of -21,522. as of February 2015.

OLD BUSINESS:

A. Insurance Renewal for March 2015- Covered at beginning of meeting

B. Update, wood-rot Buildings & Balcony Repairs:

L-4 Minshull- after extensive siding and balcony repairs, the unit still has a small leak, coming in to N. side of bedroom slider. Baughn renovation has investigated the issue and has sent an extensive statement to the board regarding the findings. The problem essentially is with the joist and the original construction on the balcony for L-8. After discussion the board decided that the best decision is to complete the job, and allow Baughn to repair the joist, proposal for 1200.00. Mandy made a motion to allow Baughn to repair the joist/balcony, Duane seconded, all in favor.

Duane has reviewed the other proposals for repairs for siding work C-7, I-5, M-6. Board discussed the proposals cost. Cheryl was asked by board to acquire other contractors for bids on the siding work. Cheryl will attain other bids and present to board for comparison.

C. Painting Proposals-update: Cheryl presented to the board PPG Spec/proposal for Exterior Painting. Scott Wylie PPG/Pensacola Hardware Representative and Cheryl met on the property last month, they went over the scope of work for i.e. paint/stain to use for the different wood surfaces, interior areas of garage, garage doors, storage and front door. PPG has prepared "Scope of Work" for the paint supply & for the contractor's bids. Contractors will be notified ASAP to re-bid to the specifications as per the PPG prepared document.

D. Beach Grass Removal: SRYC has offered to machine/tractor rake the beach to remove the torpedo and other grass that has grown up along & toward the shoreline. The board has unanimously approved this be done. Jim Cook with SRYC is out of town, and by phone

assured Cheryl that he still plans to do the project when he returns, and the equipment to do the project is on site at the YC.

New Business:

- A. Hard Surface Floor Covering:** There was discussion among the board regarding the issue of owners installing hard floor surfaces in upstairs units, in areas other than kitchens and bathrooms.

As currently stated in Exhibit J:

“No unit owner shall place any tile or floor covering other than carpeting with his Unit without the prior written approval of the Board. The Board shall require a Unit Owner to carpet or place area rugs or other noise reduction devices in the unit in order to curtail noise disturbing other unit owners”

Butch stated the “Hard Surface issue has got to be addressed and the board needs to accomplish a direction for enforcement”. Jake stated that there should be “No more exceptions, no more waivers” .

Butch said that he will draft a statement such as, “No unit owner or occupant shall place or permit any tile, hard wood or other hard surface covering other than carpeting within a unit living areas, no changes to existing floors will be required” The board agreed to table for discussion of the statement and vote at the April meeting.

- B. Boat Yard:** Cheryl noted that there have been recent request for Boat Yard space. Owners that have expired tags on trailers and/or boats will be asked to remove their boat from the area. Only 1 space per owner will be enforced.
- C. Planting Request:** Owner in L building has requested permission to plant an area behind buildings along sidewalk. Board discussed and all stated that this would be very difficult to maintain and due to how the area is laid out it would be hard to maintain/look uniform in the area. Therefore this will not be allowed. It was noted that some owners have planted area below stairs/under balcony areas this area.

Adjournment

Abe- As there was no further business, the meeting was adjourned at 6:30p.m.

Respectfully Submitted,

Cheryl E. Kelley

3/24/15: Conference call: Present-Mandy, Tim, Duane, Jake, Butch & Abe- Duane made a summary of key elements for Insurance Renewal, Hiles McLeod, +17000.00 savings in comparison to Gilmore proposal. ACIC, AM Best Rating, same rating as Citizens, Coverages evaluated to be equal to existing policies, Potential assessments from Citizens. Jake asked Hiles McLeod for assurance of ACIC being accredited for coverages, Greg sent statement by email

“We think that ACIC is more than capable of handling claims when a major storm hits. ACIC has over 340 million in assets and they buy 90% reinsurance on all their properties(standard practice for insurance companies). That means if a Hurricane hit Sunchase, which is insured for \$7,880,579, ACIC would only have to pay \$788,057 before their reinsurance policy took over. I have attached the Am Best ratings of their reinsurance companies. Also, ACIC is Admitted. Meaning they are backed by the State of Florida’s Guaranty Fund, and Sunchase would be covered up to \$9,200,000, if they happen to fail. (We don’t think that is likely)

Citizens was created to be the market of last resort. Citizens does not buy reinsurance on their properties, when they fail or run out of money Citizens assesses their policy holders up to 45% of their current year policy to make up for the deficit. Meaning Sunchase could get hit for an extra \$26,529.75. Keep in mind, Sunchase may not even have a claim and can still be assessed. For example, if a hurricane hits Miami and there is a shortage in funding, Sunchase, as well as all other Citizens policy holders, would be assessed.

To summarize, with an admitted carrier like ACIC offering better coverage and pricing there is no need for a market of last resort like Citizens.

Greg Tober
Hiles-Mcleod”

Duane made a motion to accept the Insurance Proposal Renewal from Hiles McLeod, with the change from Citizens to American Coastal/Cincinnati Insurance Package, Tim seconded, all in favor.